

WATRS

Water Redress Scheme

ADJUDICATOR'S DECISION SUMMARY

Adjudication Reference: WAT/ /1537

Date of Decision: 30 August 2019

Complaint

The customer runs a hotel and spa business in []. There were two separate incidents when the hotel's water supply was disconnected, on 3 July and again on 10 July 2018. After the 10 July incident, the hotel had no water for 23 hours. It suffered a significant loss of business. There seemed to be miscommunication internally within several of the company's departments and contractors. The customer claims compensation of (1) £2,000.00 in lost earnings and (2) £500.00 to reflect the distress and trouble caused to its staff members.

Defence

There was no prior payment arrangement in place. Invoices and reminders were sent out to the hotel address but there was no attempt to make payment. There were some elements of poor service and misinformation provided. There was confusion too around the disconnection. To reflect this, a total of £1,749.50 has been credited to the customer's accounts. However, the company maintains that its internal procedures in relation to the debt collection of the unpaid water accounts were fair and in line with policy.

No offer of settlement has been made.

Findings

The company (1) did too little to cut through the confusion around the disconnection situation; (2) failed to render any meaningful assistance to the customer; and (3) failed, therefore, to provide its services to the standard that would be expected. The customer has been adequately compensated for the company's failings, however, by the £1,749.50 already credited. It would not be warranted to require the company to make any additional payment of compensation.

Outcome

The company does not need to take any further action.

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

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Date of Decision: 30 August 2019

Party Details

Customer: []

Customer's representative: []

Company: [].

Case Outline

The customer's complaint is that:

- He is the General Manager of a hotel and spa business in [] ("the Hotel").
- The complaint arises from two separate incidents when the Hotel's water supply was disconnected:
 - the first incident arose from a miscommunication between RST Water("RST ") - now the wholesaler - and the company (as retailer); and
 - the second incident arose from a miscommunication between the company and its contractor.
- Two years ago, the company took over the customer's account from RST without any correspondence to the Hotel. As the customer was not aware of this change, he did not set up any direct debit for bill payments. (The Hotel usually pays by direct debit).
- On 3 July 2018, due to these issues of miscommunication and non-payment of bills, the company disconnected the water supply to the Hotel premises ("the 3 July Incident").
- The customer's colleague rang the company, paid the requested amount and the company reconnected the water supply the same day.
- The customer was away on holiday at the time. His colleague left the papers on the customer's desk to set up a direct debit with the company.
- On the customer's return, one week after the 3 July Incident, on 10 July 2018, the water supply

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- was disconnected again (“the 10 July Incident”).
- The customer spoke:
 - to several members of staff in the company’s customer service, escalations and sales teams; and
 - to RST ’s customer service and complaints teams; and
 - to Siemens contractors.
 - It took around 8 hours to find out why the 10 July Incident had occurred. It transpired that the company used Siemens for disconnections. After taking payment and reconnecting the water, the company failed to inform Siemens about the situation. Instead, a repairs team from RST was sent to reconnect the water. As the Siemens team had not been kept in the loop, they disconnected the supply again.
 - The customer explains that this ordeal has put a great deal of emotional strain on his team and has also placed a financial burden on the company.
 - A complaint was raised to the company in July 2018 but the email address on the company’s website was incorrect, so it failed to arrive. The complaint was resent and after several phone calls, the customer was promised a response within one week. However, no response was issued and therefore, the customer chased up the company by sending a further email.
 - In view of these matters, the customer claims compensation of:
 - £2,000.00 for loss of earnings; and
 - £500.00 due to the distress and trouble caused to his staff members (and to reflect all the phone calls and correspondence that the customer had to engage in with the company).

The company’s response is that:

- The claim is contested.
- All customers were sent correspondence explaining about the transition over from RST to the company.
- There was no direct debit in place when the Hotel’s accounts were migrated over from RST . Mrs Green, a director of [the Hotel], confirmed this during a telephone call on 27 January 2016. On the same date, it was also advised that payment would be made via Mrs Green’s bank.
- Following a review of account 42[]57 (which is for Surface Water Highway Drainage), it was found that no payments had been received since 15 June 2016. The outstanding balance for this account, on 3 July 2018, was £2260.47.
- It was also found that no payment had been made to account 42[]95 (for the metered

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- supply) since 13 October 2016. The balance on this account, as at 3 July 2018, was £888.58.
- Following numerous reminder letters, a ‘pre-agency’ letter was issued on 12 December 2017. As no response was received, account number 42[]57 was passed over to the company’s external debt collectors on 19 February 2018. Despite doorstep visits being carried out, the balances of £2260.47 and £888.58 remained unpaid.
 - Following a desktop study carried out on 2 July 2018, the account was deemed eligible for disconnection. On 3 July 2018, disconnection of supply was carried out.
 - Later on 3 July 2018, the company received a call from Jared (“Jared”), a member of the customer’s staff, who advised that the Hotel had no water supply. The account number provided during this call was 42[]95. That, however, was not the account that had been passed for disconnection. Accordingly, during this telephone call, the company advised that the supply had not been passed for disconnection.
 - Jared also made a partial payment of £1260.47 on this date towards account number 42[]57 and advised that the remainder of the balance would be paid the next month.
 - As calls to the company’s payments team are not recorded, it is unclear if it was explained that full payment was required for the reconnection to take place. However, the company’s account notes do suggest that the customer was advised during this call:
 - that the account had not been passed for disconnection; and
 - that the loss of water could be due to a fault with the network.
 - The company is sorry for this misunderstanding.
 - All disconnected accounts are monitored by RST . During a routine monitoring visit of the meter, it was identified by the engineer in attendance that the supply had been reconnected. The engineer contacted the company to check to see if the supply should have been reconnected. It was correctly confirmed that full payment had still not been received and therefore, the supply was isolated again.
 - In his WATRS application, the customer mentions that the company had failed to inform its contractors that payment had been received (and so the second disconnection was allegedly in error.) As explained above, however, the company had not requested that the supply be reconnected.
 - A further call was received from Jared on 11 July 2018. During this call:
 - Jared advised that the Hotel’s water supply had been disconnected again;
 - it was identified that the Hotel had two accounts; and
 - it was confirmed that the water supply had been disconnected due to non-payment.
 - Following the 11 July 2018 call, a payment of £1061.51 was made towards account number

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4205652757. This was payment in full of the balance on this account including the charges that were applied of £174.00 for the disconnection.

- No payment was made towards account number 42[]95 and the outstanding balance of £1000.00 still remained outstanding. However, the company did reconnect the supply.
- As to the customer's complaint in July 2018 not being delivered due to an incorrect email address on its website, the company replies and concedes that:
 - it did receive the email in question on 12 July 2018; and
 - contact was made by the complaint handler on 3 October 2018; and
 - due to the delay in contacting the customer and resolving the July 2018 complaint, a Guaranteed Standards of Service ("GSS") payment of £20.00 was credited to the customer's account.
- During 'stage 1' of its complaint process, the company requested a loss of earnings breakdown from the customer. This was received on 12 October 2019 but unfortunately, it was passed to an incorrect team and not immediately picked up.
- On 7 January 2019, the customer called the company and a 'stage 2' complaint was raised. During the 'stage 2' process, the company carried out a further review of the account and it:
 - removed the disconnection fee of £174.00 - due to not being able to confirm whether it had advised that payment was required in full to reverse the disconnection; and
 - applied two further credits of £20.00 to the customer's account to reflect poor service and misinformation provided.
- The company did, however, at this point, set out its position that no further credits for loss of earnings would be applied, as the disconnection had been raised correctly.
- During the Consumer Council for Water investigation, in light of the confusion around the disconnection, the company made a further offer of compensation of £1475.50 ("the £1475.50 Offer"). This proposal was not accepted by the customer. The company has nevertheless honoured the £1475.50 Offer and a credit in this amount has been applied to the customer's account.
- In conclusion, the company says that:
 - the customer was aware, in January 2016, that there was no payment arrangement in place. Invoices and reminder letters were sent out to the Hotel address. Despite this, no contact or attempt to make payment was made;
 - in total, the customer has had credits of 3 x £20.00 (i.e. £60.00) applied to his account for the company's delay in responding to the complaints that had been raised;
 - furthermore, a gesture of goodwill has been applied totalling £214.00. This was given at

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- 'stage 2' of the complaints process due to the level of service received.
- the £1475.50 Offer was put forward during the re-investigation stage by way of further compensation (and although not accepted by the customer, this sum was credited anyway to the Hotel's account);
 - its actions were legitimate and fair and it is submitted that the compensation awarded and applied to the account (i.e. in the amounts of £1475.50 and £174.00) should not have been paid. This is because the company's internal procedures in relation to the debt collection of an unpaid water accounts have been fair and in line with policy; and
 - it is sorry for the delay in its responses to the complaints received and it apologises for the inconvenience that this may have caused. As confirmed previously, credits of 3 x £20.00 have been applied to the customer's account in line with the company's GSS policy.

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. The supporting documents that I have reviewed in particular include:

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- a. the complaint-related correspondence, reports and other materials submitted alongside the customer's WATRS application form; and
 - b. the account breakdown and detailed timeline appended to the company's defence.
2. I have also had the benefit of reading the customer's comments filed in reply to the company's defence.
3. On a first read-through of the case documents, the overall picture is quite confused. The email that the customer sent to the company at 12:26 on 12 July 2018 ("Initial Complaint Email") helps, however, to bring some focus to the dispute.
4. The customer draws a distinction between the 3 July Incident and the 10 July Incident.
5. I note that - in the Initial Complaint Email - the customer states that he is "*more than happy to accept [his] share of responsibility*" for the difficulties of the 3 July Incident. However, so far as the 10 July Incident is concerned, that is a different matter. The customer lays the blame squarely with the company for that episode. In his Initial Complaint Email, the customer says that, in the wake of the 10 July Incident:
 - a. the Hotel had "*no water for 23 hours*"; and
 - b. "*... the Staff at [] didn't know the procedure and didn't seem to know what was going on for most part[s] of [the] conversations ... [and there was] miscommunication with [the Hotel] and internally within several [of the company's] departments and contractors ...*"; and
 - c. "*... [he] spoke to [] @ Siemens after an hour to find out that they didn't receive any response from [] or RST Water. After speaking to 2 departments @ RST Water and customer service department from [] and [] in escalations team, but nobody seem[ed] to have any concrete response, but [only] empty promises. Finally, after spending [his] full shift of 9 hours and 52 phone calls, [he] received a call to confirm that somebody will be reconnecting the water supply shortly. While this was going on, [his] colleagues were busy trying to contain the fallout due to lack of water ...*"
6. I accept these submissions from the customer about the impact of the 10 July Incident. For the business of the Hotel, it seems to me that the difficulties described were indeed significant.
7. I have taken account of what the company says in its defence about dealing with the customer's

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concerns in the immediate aftermath of the 10 July Incident. The company seems mostly to concentrate on its interactions with the customer's member of staff, []. I do not regard the company's answers on this aspect (such as they are) to be very satisfactory. In the face of the customer's efforts to resolve the 10 July Incident, I find that the company:

- a. did too little to try to cut through the confusion around the disconnection situation; and
- b. failed to render any meaningful assistance to the customer; and
- c. failed, therefore, to provide its services to the standard that would be expected in such a scenario.

8. As I see it, there is some merit in the point that the company makes in the conclusion section of its defence, when it asserts that the customer:

"... was aware in January 2016 that there was no payment arrangement in place. Invoices, and reminder letters were sent out to the hotel address, despite this no contact or attempt to make payment was made ..."

9. It seems to me that:

- a. there was some outstanding debt on the customer's accounts in the lead-up to the 3 July Incident and to the 10 July Incident; and
- b. the debt position:
 - i. was not something that could fairly be said to have resulted from any failing on the company's part; and
 - ii. was probably a contributory factor in making the 10 July Incident more likely to occur.

10. I am not persuaded, therefore, that the company should be held 100% responsible for the fact that the 10 July Incident arose in the first place ("the Contribution Factor"). Consequently, I propose to weigh this consideration into the balance as I turn, next, to the question of compensation for the failures found against the company.

11. As to compensation, I note that the customer seeks £2,500.00 in total - comprised of:

- a. £2,000.00 for loss of earnings; plus
- b. £500.00 due to the distress and trouble caused to his staff members (and to reflect all

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the phone calls and correspondence that the customer had to engage in with the company).

12. According to the defence and the accompanying 'account breakdown', the company has already applied a number of credits (i.e. goodwill and GSS payments) to the customer's accounts - specifically:

- a. £214.00 on 2 May 2019 "*due to the level of service received*"; and
- b. £1,475.50 on 27 June 2019 "*due to the confusion around the disconnection*"; and
- c. GSS payments totalling £60.00 - £20.00 on each of 27 July 2018, 21 August 2018 and 16 October 2018.

13. The total value of these credits already applied in the customer's favour, therefore, is £1,749.50. Whilst the effect of the company's failings in this case was undoubtedly significant for the Hotel's business (and its staff), I do regard £1,749.50 as a relatively large award in all the circumstances. It represents about 70% of the full amount of compensation that the customer is claiming in this case. I also consider that I should make some allowance for the Contribution Factor, to which I refer at paragraph 10 above. Working all this through, I come to the conclusion that the customer has been adequately compensated for the company's failings in this case by the £1,749.50 already credited to the Hotel's accounts. I am not persuaded that it would be warranted to require the company to make any additional payment of compensation, i.e. over and above the sum of £1,749.50 already credited. The company does not need to take any further action, therefore, in that respect (or at all).

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 September 2019 to accept or reject this decision.

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- 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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Nik Carle, LLB (Hons), Solicitor, DipArb, FCIArb

Adjudicator

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