

WATRS

Water Redress Scheme

ADJUDICATOR'S DECISION SUMMARY

Adjudication Reference: WAT/ /1551

Date of Decision: 12 August 2019

Complaint

The customer is aware that the fixed element for his Water Charge is £43.40 and that the fixed element for Sewerage is £92.13. However, he has been asking the company for a full breakdown ("Breakdown") of these elements so that he is able (1) to see how much each component part of the fixed element costs and (2) to confirm that the component parts do indeed add up to £43.40 and £92.13 respectively. He would like the company to be directed to provide the Breakdown. He would also like the company to give him an apology "*because they have been incompetent from the start and have continually refused to answer correspondence from [him]*".

Defence

The company's charges are not built up on an individual component basis and therefore, it is unable to provide the customer with the Breakdown that he seeks. Ofwat sets the company its 'Allowed Revenue', which the company then allocates across its various tariffs. As to customer's contention that there has been a refusal to answer correspondence, the company maintains that it has replied on each occasion. It simply made clear that it was unable to provide any further detail than had previously been given.

No offer of settlement has been made.

Findings

The way that the company has presented its charges to the customer in this case is consistent with normal practices and expectations in the industry.

Outcome

The company does not need to take any further action.

The customer must reply by 09 September 2019 to accept or reject this decision.

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Party Details

Customer: []

Company: [].

Case Outline

The customer's complaint is that:

- The company is refusing to issue him with a full and correct water bill.
- The customer is aware that the fixed element for his Water Charge is £43.40 and that the fixed element for Sewerage is £92.13. He notes that this is quite clearly stated on his bill.
- He also says that he knows from previous correspondence with the company that the Water Charge:
 - is for providing customer services (including billing, payment handling, debt recovery and customer contact); and
 - additionally, includes the cost of a water meter, i.e. the meter and meter reading costs.
- The customer also says that he appreciates that the Sewage cost includes a contribution to the customer services costs highlighted above and also recovers the cost of collecting and treating the surface water drainage. For all household customers, the surface water drainage charge covers the cost of removing rainwater from the property and also a contribution to towards the cost of collection and treatment of water from public highways.
- What the customer has asked for ("Request"), however, is the actual cost of each of these individual elements so that he is able:
 - to see how much each element costs; and
 - to confirm that indeed they add up to £43.40 and £92.13 respectively.
- The company refuses to answer his Request in this regard.
- As the customer is actually paying for the company to send him a bill, he feels that he is entitled

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to know exactly what he is paying for.

- Therefore, the customer needs the exact cost of each element and he insists that this exact breakdown of costs is included on all future bills that the company sends to him.
- He would also like the company to give him an apology “*because they have been incompetent from the start and have continually refused to answer correspondence from [him]*”

The company’s response is that:

- It has been corresponding with the customer for a number of months about how his charges are calculated.
- The company explains that:
 - its charges are not built up on an individual component basis and so, it is unable to give the customer a breakdown that he can ensure adds back to the relevant amounts.
 - Ofwat sets the company its ‘Allowed Revenue’, which the company then allocates across its various tariffs. Should the company over-recover against its allowed revenue in any one year (e.g. through higher than anticipated consumption levels or more properties than anticipated) then this would be returned to customers in a later year’s charges as a reduction to the Allowed Revenue. The converse of this also applies;
 - it reconciles this each year and discloses this in its Annual Performance Report, which is available on its website;
 - this mechanism means that the company would not benefit from attempting to mischarge any of its customers.
- The reconciliation confirms the position in that the company has small over and under recoveries on income across the two price controls of water and wastewater.
- The fixed element of the water charge - which for 2018/2019, was £43.40 - covers the cost of providing customer services (including billing, payment handling, debt recovery and customer contact) and additionally includes the cost for a water meter, i.e. the meter and meter reading costs. These costs are not related to the number of people living in a household and therefore, they do not vary dependent upon consumption.
- The fixed element for sewerage of £92.13 includes a contribution to the customer services costs highlighted above and also recovers the cost of collecting and treating the surface water drainage. For all household customers, the surface water drainage charge covers the cost of removing rainwater from the property and also a contribution to towards the cost of collection and treatment of water from public highways. Again these costs are not dependent upon consumption or the number of people living in a household.

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- In terms of the customer contending that it refused to answer his correspondence, the company maintains that it has replied on each occasion. It simply made clear, however, that it was unable to provide any further detail than had previously been given.

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. In addition to the customer's WATRS application form and the company's defence, I have reviewed the small batch of correspondence appended to the defence.
2. I have also had the benefit of reading the customer's comments ("Comments") filed in reply to the defence.
3. I appreciate why the customer is pressing the Request that he is. In his Comments, he points out that he wishes to understand:

"... the exact charge of each of these fixed elements. If [the company is] not prepared to give a complete breakdown how am I to know I'm being charged correctly ..."

4. For its part, the company is not saying that it is *unwilling* to provide the breakdown asked for. Rather, its position is simply that it is unable to comply with the Request because:

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“... [its] customer charges are not built up on an individual component basis ...”

5. In this adjudication, I have had to assess whether the stance adopted by the company amounts to a failure to provide its services to the standard to be reasonably expected.
6. I have considered the explanation that the company puts forward about the ‘Allowed Revenue’ mechanism. I accept the submissions made on this aspect. Given that its Allowed Revenue is set by Ofwat (the economic regulator of the water sector), I am satisfied that the company has acted properly in this case. The way that the company has presented its charges to the customer is consistent, I find, with normal practices and expectations in the industry.
7. I am not persuaded, therefore, that:
 - a. the company has fallen below the relevant standard here; or
 - b. in the circumstances, it would be appropriate to require the company to make an apology to the customer.
8. For these reasons, my conclusion is that the company does not need to take any further action in this instance.

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 09 September 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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Nik Carle, LLB (Hons), Solicitor, DipArb, FCIArb

Adjudicator

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