

WATRS

Independent Oversight Panel

ANNUAL REPORT
1 April 2019 - 31 March 2020

FOREWORD by Sandra Webber, Chair of Panel

The independent Water Redress Scheme (WATRS) is 5 years old and has increased consumer protection for water customers in England & Wales. WATRS has made 1,250 decisions on unresolved complaints and awarded compensation payments totalling £226,206 since it began in 2015. The scheme is free of charge to customers, and if a customer accepts the decision it is binding on the company. The cases are adjudicated by CEDR, which runs WATRS independently under contract and provides similar services to several industries. CEDR was initially selected after competition in 2014. A fresh competition was held in 2020, and CEDR was again selected but to work to a revised Specification which puts greater emphasis on customer service and accessibility.

The Panel is pleased to report a change in company procedures which was implemented on 1 April 2020. This allows complainants to escalate their case to CCW (and then if necessary to WATRS) if the company has not resolved it within 8 weeks of receipt. This is an improvement in consumer protection for the relatively few slow-moving cases.

This report shows that, as in previous years, WATRS required the company to take action in around a third of cases. It is however common for WATRS to award less compensation than the customer hoped for. The Panel is conscious that this is likely to be a source of disappointment to users of WATRS. As a result we have included some case studies (slides 16-22) showing typical reasons why this happens.

The Panel remains concerned about the disadvantage to non-household customers, who since 2017 cannot obtain independent resolution of certain complaints (e.g. about water supply or flooding) because they have a contract with a retailer and not with the actual supplier. Also, retail companies consider it unfair to incur costs from WATRS where they did everything possible to help their customer but the problem lay with the wholesaler. The Panel asked WATRS to conduct an experiment to see whether it could resolve complaints involving both companies. The experiment showed this is feasible, and the Panel considers it would be fairer than the current situation, but it is beyond the Panel and RWD's powers to implement it across the industry.

THE PANEL'S WORK

The Panel was created to ensure the independence and effectiveness of the voluntary Alternative Dispute Resolution (ADR) set up by the water industry for its customers. Our current membership is listed in the final slide.

We meet approximately once a quarter. For each meeting we have access to statistical data from CEDR and the latest decisions (with names removed)*. From time to time we see the results (numerical and free text) of the WATRS user satisfaction survey conducted by CEDR. This information enables us to raise concerns and recommend improved processes.

Since WATRS began we have recommended numerous changes to improve the accessibility of the scheme compared to the original specification drawn in 2014. In 2019 we ensured that these were built into a revised specification before bids were invited to run the next phase of WATRS. We also added some new requirements, for example:

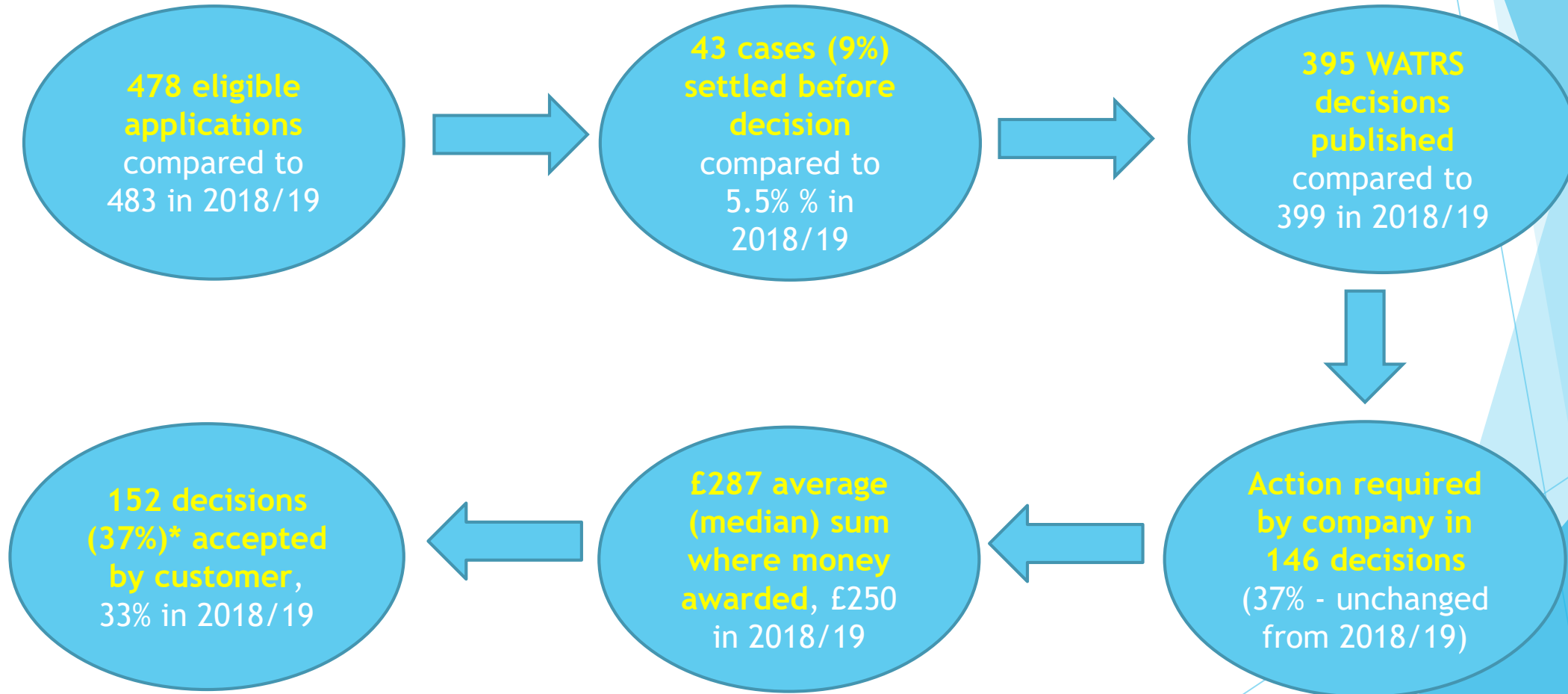
- use of Plain English in all communications;
- feeding back learning from the cases to companies to help them handle complaints better from the outset.

The Panel undertook two other projects during the year:

- an “end to end” review of 3 customer complaints for learning purposes.
- testing the feasibility of a tailored scheme for non-household customers, as mentioned in the Foreword.

* WATRS is one of the most transparent ADR schemes open to consumers. All anonymised decisions are available at <https://www.cedr.com/consumer/watrs/adjudicators-decisions/>

OVERVIEW OF NUMBERS 2019-2020: household & non-household combined

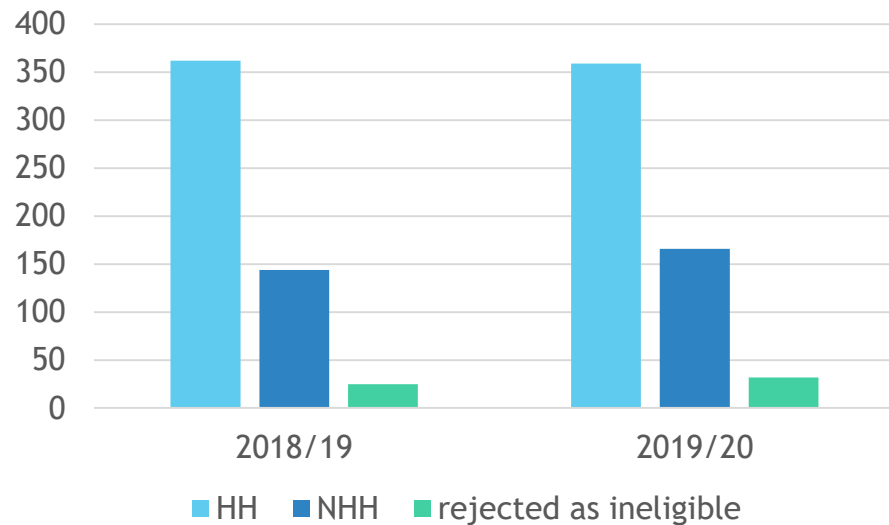


*But 82% of *Action Required* decisions were accepted by the customer

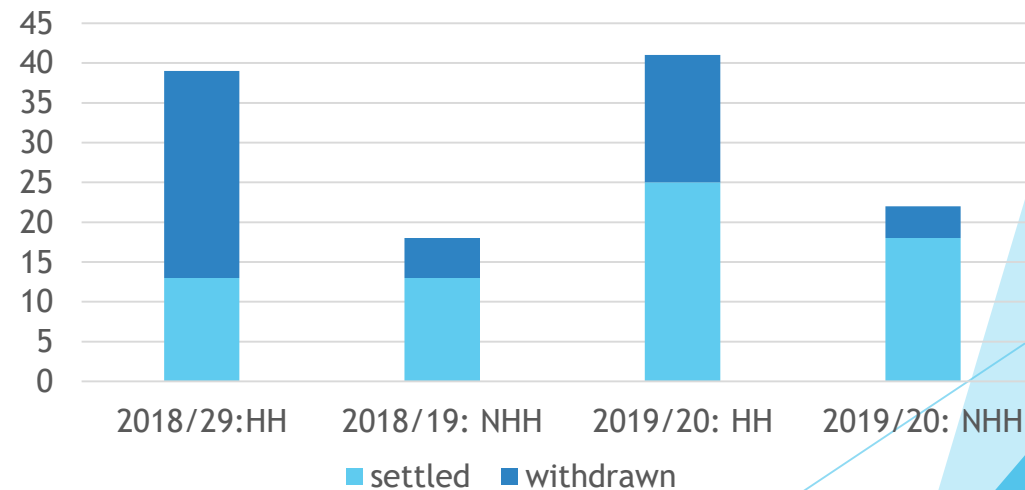
Changes from 2018-19 to 2019-20

- No. of eligible applications remained relatively stable
- Increase in proportion of customers accepting actions-required decisions.
- An increase from 14 to 23 in compensation payments over £1000
- Proportion of total applications from NHH customers up from 28% to 32%

Applications received



Applications settled or withdrawn



Reasons for ineligibility: Not referred by CCW: 14; out of time: 8; out of scope: 7; Incomplete application: 2; existing court action: 1

WATRS in context:

WATRS is the final stage in the complaints process for water customers. Most complaints do not reach WATRS.

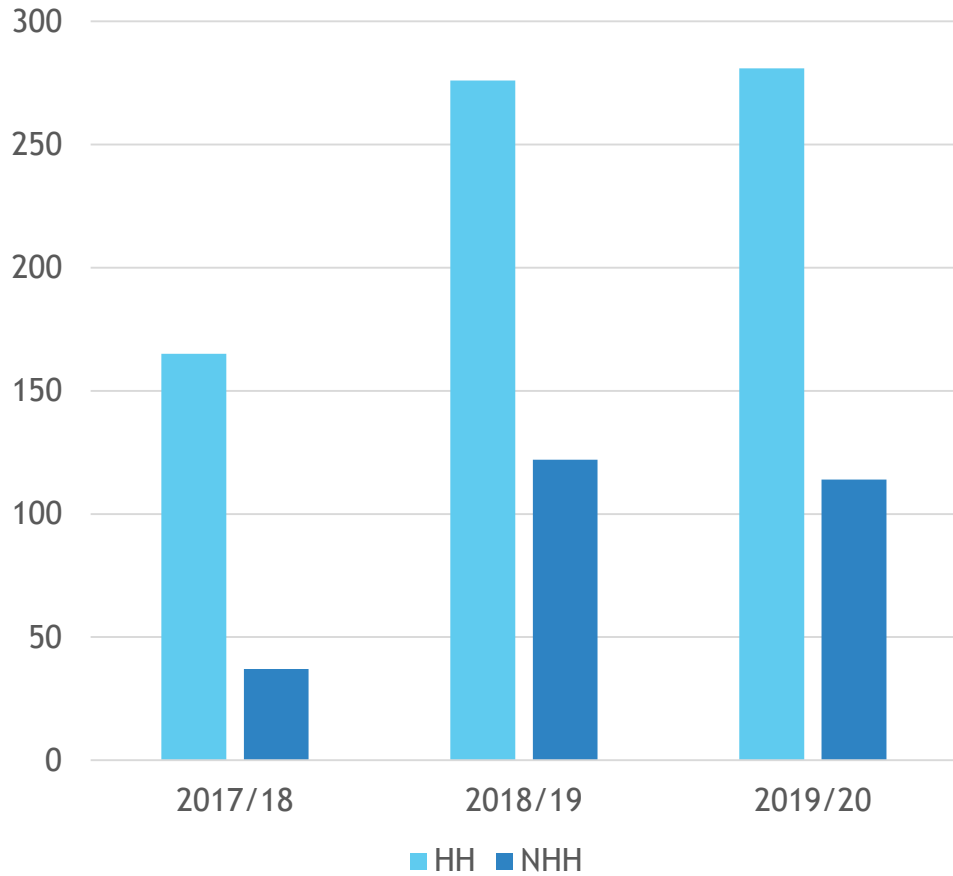
| | 2016 - 17 | | 2017 - 18 | | 2018 - 19 | | 2019 - 20 | |
|--------------------------------------|----------------------------|----------------------|--|----------------------|---|-----------------------|-------------|---------------------|
| Written complaints to companies: HH | 83,255 | | 69,324 | | 74,689 | | | |
| | 28% decrease from 2015-16 | | 17% decrease from 2016-17 | | 7.7% increase from 2017-18 | | | |
| Written complaints to companies: NHH | 11,722 | | 14,885 | | 17,918 | | | |
| | 4% decrease from 2015-16 | | 27% increase from 2016-17 | | 20.4% increase from 2017-18 | | | |
| Complaints to CCW | 8715 | HH: 7891 NHH: 824 | 9595 | HH:6815 NHH: 2780 | 11,212 | HH: 7237 NHH: 3975 | | |
| | 13% decrease from 2015-16 | | HH: 14% decrease from 2015-16 NHH: 337% increase from 2015-16 | | HH: 6 % increase from 2017-18 NHH: 43% increase from 2017-18 | | | |
| Decisions by WATRS | 170 | HH: 143 NHH: 27 | 202 | HH: 165 NHH: 37 | 399 | HH: 285 NHH: 114 | 395 | HH: 281 NHH: 114 |
| | 102% increase from 2015-16 | | 19% increase from 2016-17 | | 98% increase from 2017-18 | | 1% decrease | |

Sources:

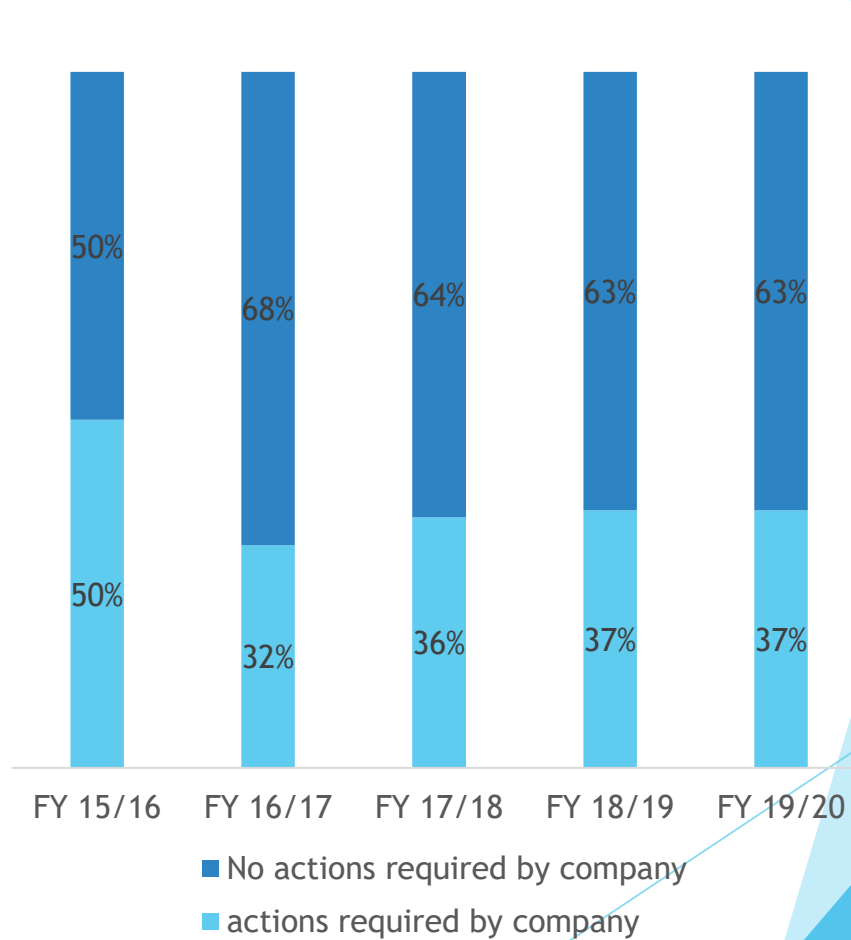
<https://www.ccwater.org.uk/wp-content/uploads/2018/09/Household-complaints-to-water-companies-in-England-and-Wales-2017-2018.pdf>
<https://www.ccwater.org.uk/wp-content/uploads/2018/08/2017-18-Year-End-Report-on-Complaints-and-Enquiries.pdf>
<https://www.ccwater.org.uk/wp-content/uploads/2018/07/Non-household-complaints-report.pdf>
<https://www.ccwater.org.uk/wp-content/uploads/2019/09/CCWater-household-complaints-report-1819.pdf>
<https://www.ccwater.org.uk/wp-content/uploads/2019/07/Non-household-customer-complaints-report-2018-2019.pdf>

Decisions

Decisions issued

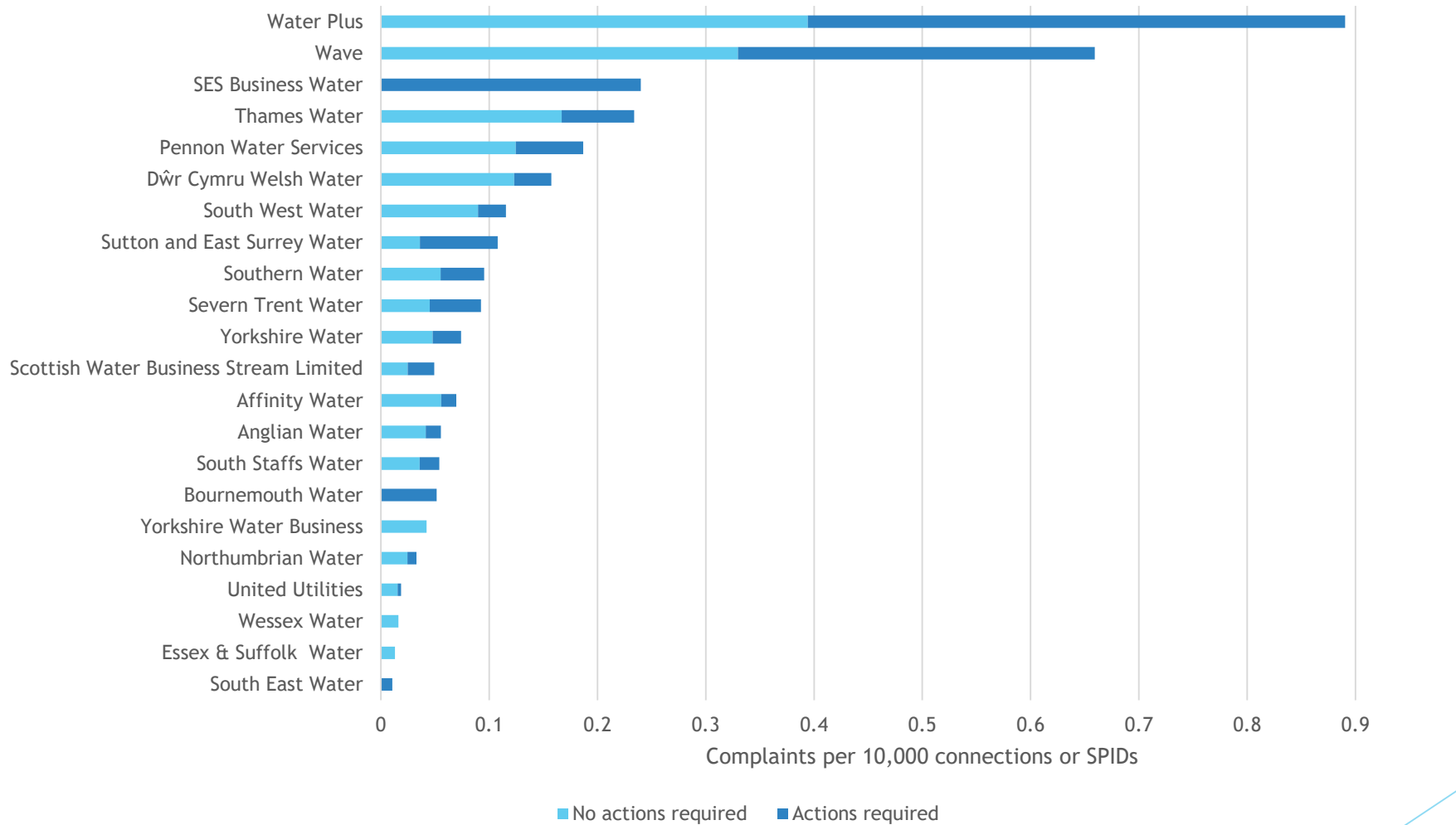


Decision outcomes



Decisions by company* 2019/20

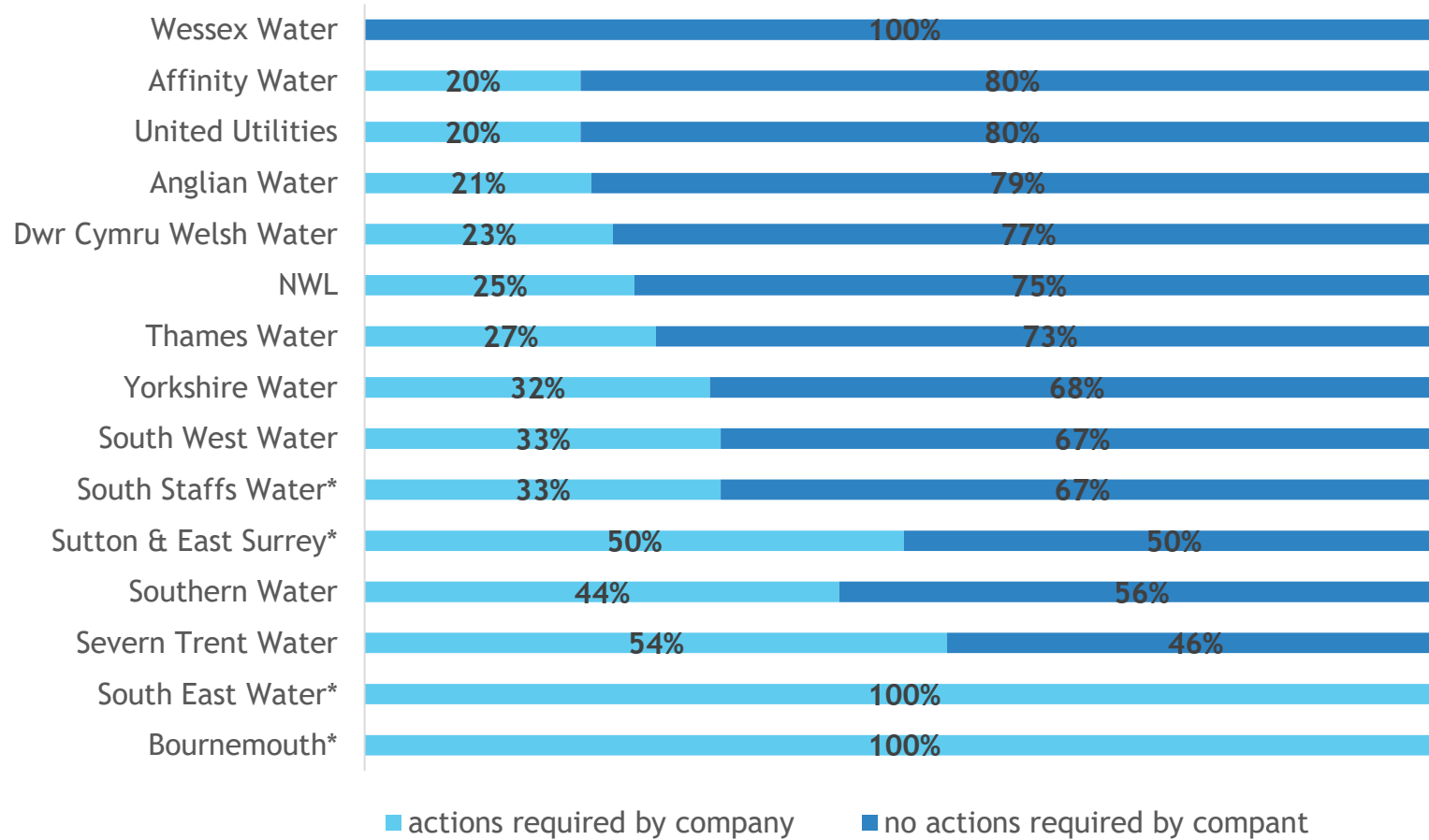
The number of WATRS decisions by company is fewer than 1 per 10,000 customers.



*per 10,000 connections for wholesalers and per 10,000 SPIDs (supply point identification numbers) for NHH retailers (retail companies for non-households)

Outcome by company - Household

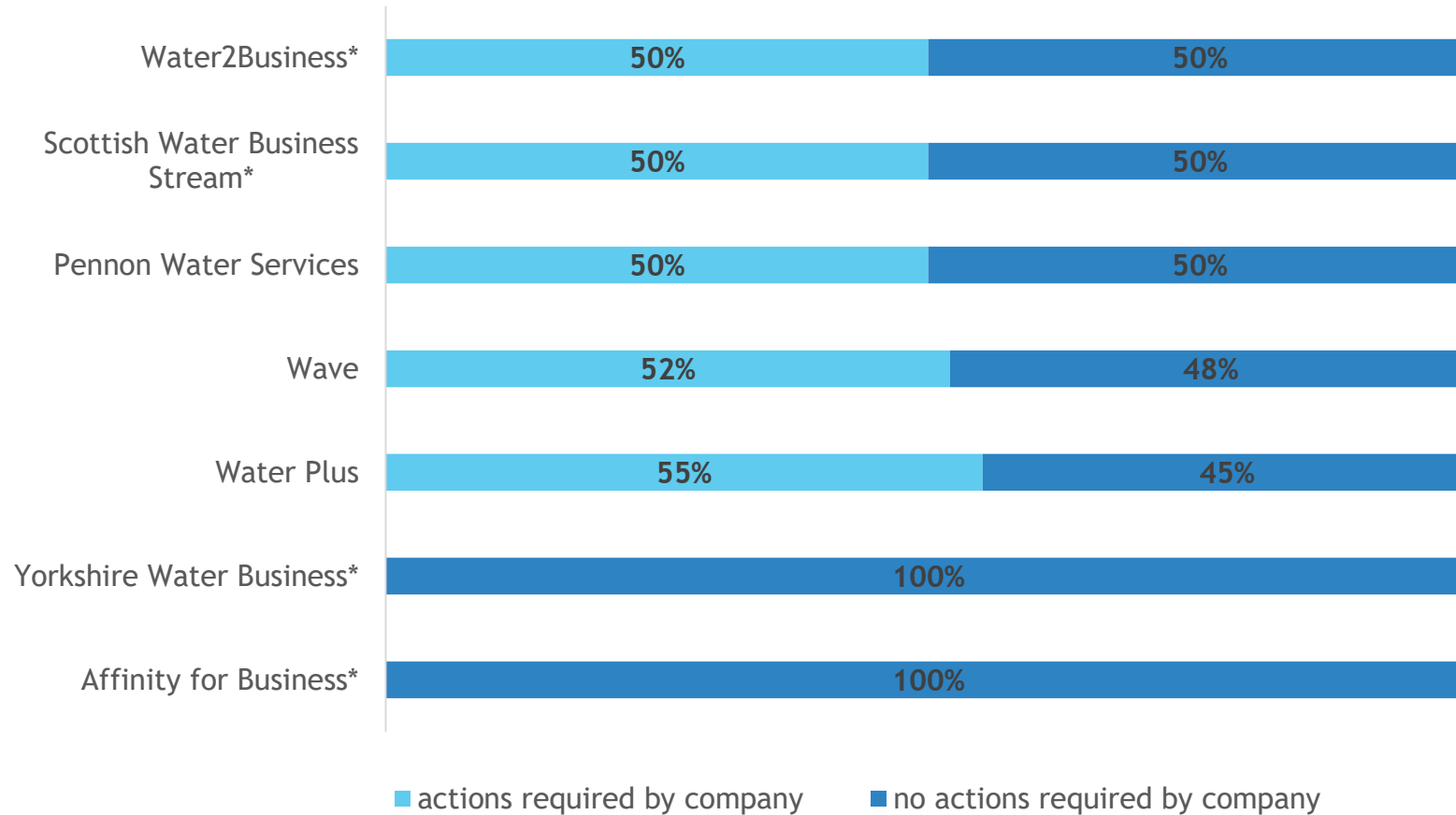
Action/no action split



*4 decisions or fewer

Outcome by company - NHH retailers

Action/no action split

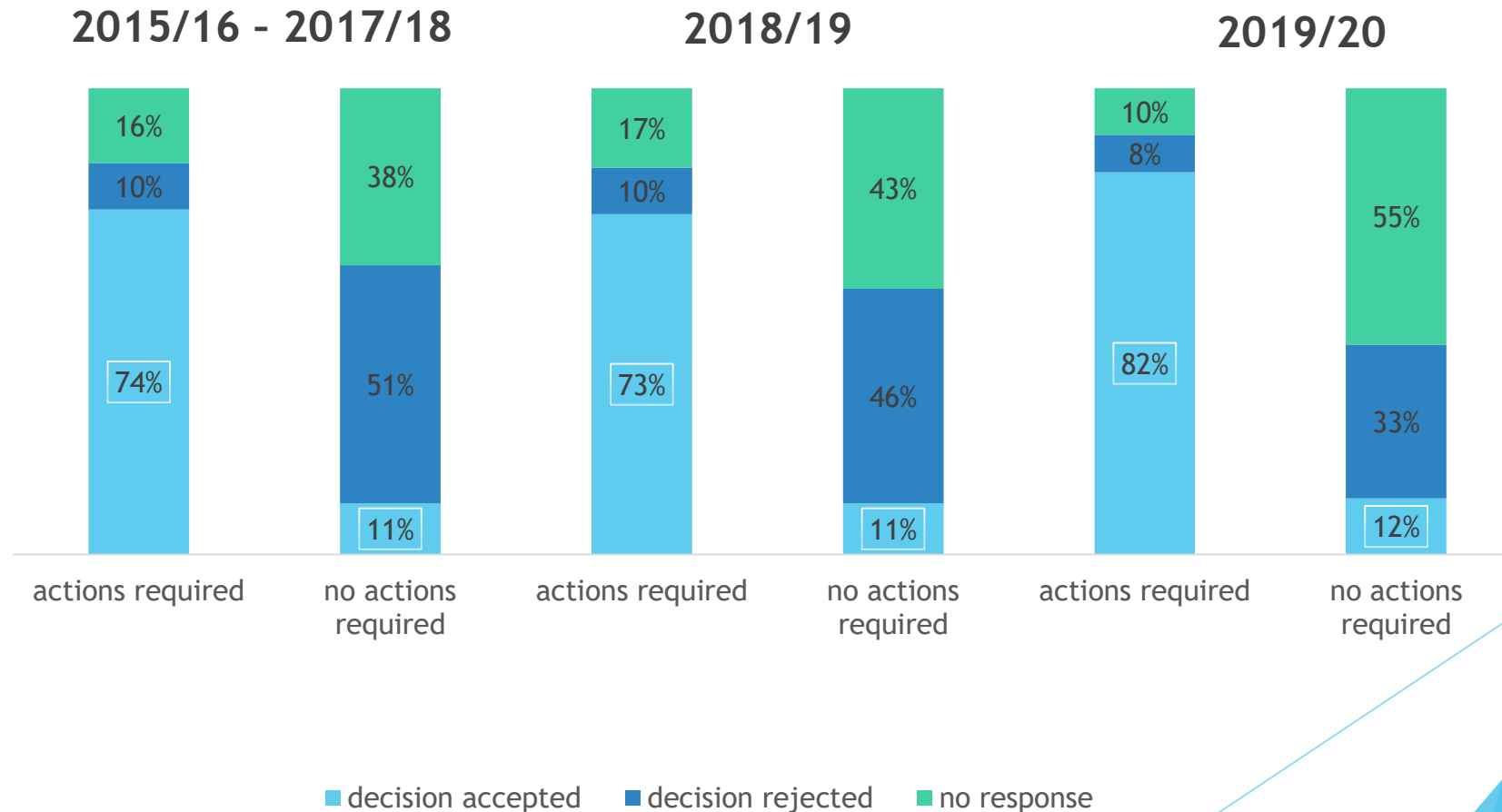


Note: part year only - Wave left WATRS in October 2019

*4 decisions or fewer

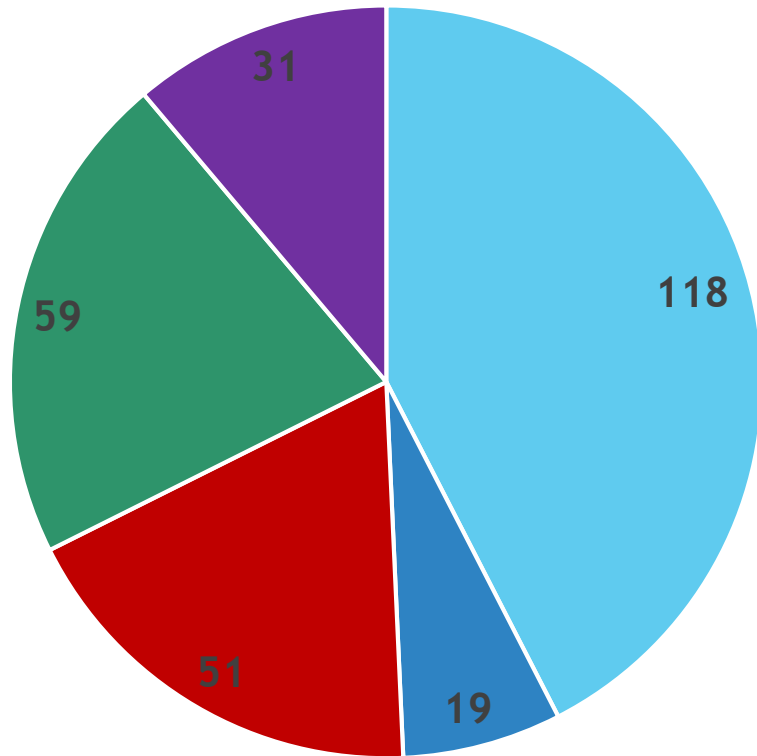
Customer response to decisions

If the customer accepts the decision, it is binding on the company

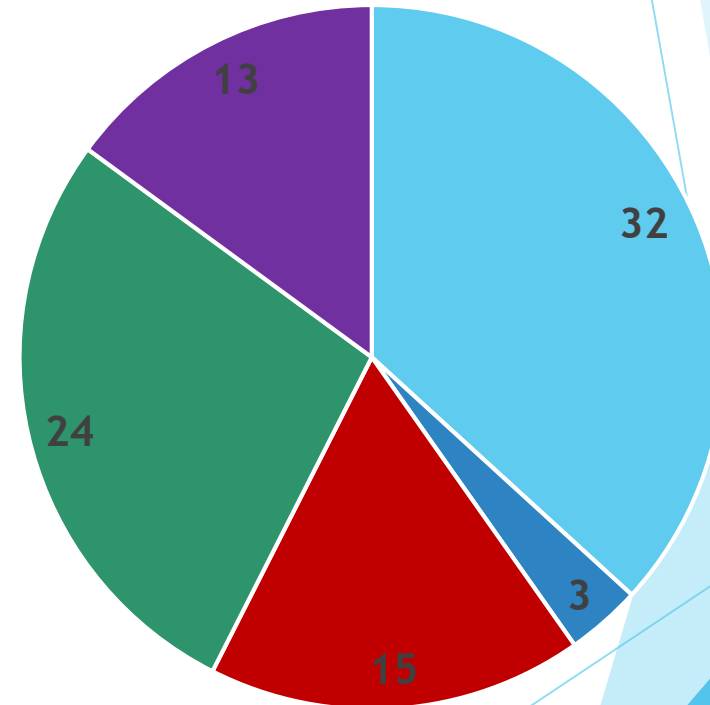


OVERVIEW BY SUBJECT: Household

Decisions issued



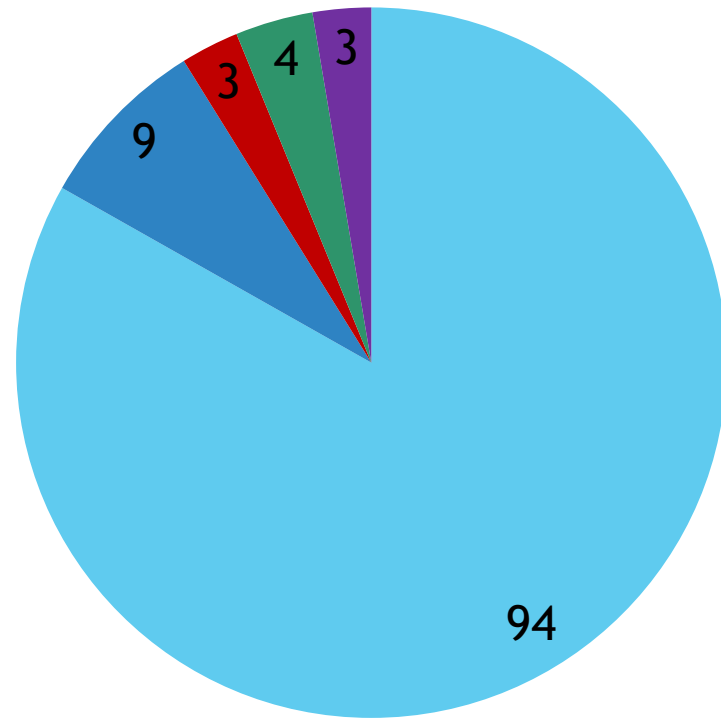
Decisions where actions required



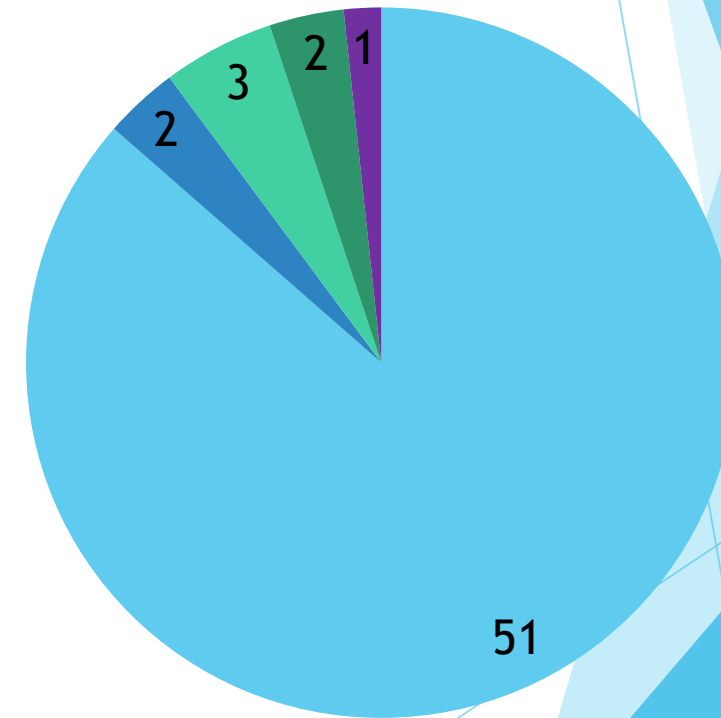
- billing & charging
- metering
- sewerage
- water
- admin/other

OVERVIEW BY SUBJECT : Non-Household

Decisions issued



Decisions where actions required



- billing & charging
- metering
- sewerage
- water
- other

MORE ABOUT REDRESS IN 2019-20

- **146** decisions where action required by company (89 for households and 57 for non-households)
 - **82 monetary*** award only
 - **31 monetary award plus other action**
 - **33 non-monetary only**
- **23** monetary awards £1000 or above (16 households, 7 non-households)
- **£287** average (median) sum for monetary awards (£294 for households and £250 for non-households).
- **Total monetary awards £68,340** (£42,202 for households and £26,138 for non-households).

* 'monetary' excludes cases where amount not known as company directed to calculate correct refund or rebate

DISTRESS & INCONVENIENCE AWARDS -

- 43 decisions included awards for Distress and Inconvenience (36 for households, 7 for non-households)
- This is around one third of the cases where the company was told to take action to put things right for the customer
- Total of £20,907 had to be paid for Distress and Inconvenience (£18,587 for households and £2,320 for non-households)

Case studies: why these?

Looking at those customers who are awarded financial compensation, most are not awarded the full amount they requested. The Panel is conscious that this will cause disappointment or dissatisfaction even though WATRS has acknowledged merit in their complaints. In this annual report we have looked closely at the reasons why customers receive reduced compensation, and this is illustrated in the case studies which follow. Typical reasons are:

- WATRS did not find the company responsible for damage / financial loss which the customer reported but did find it gave below-standard customer service such as missed appointments, delays, poor communications.
- Customer did not supply evidence to back up the claim. (This does not mean that the customer's claim was untrue, but an adjudicator needs a degree of proof in order to require the company to pay compensation.)
- Customer expected too much compensation for things like worry, nuisance and time spent chasing up the company. WATRS has a published guide to compensation for distress and inconvenience [<https://mk0cedrxdkly80r1e6.kinstacdn.com/app/uploads/2020/03/WATRS-Guide-to-Compensation-for-Inconvenience-and-Distress-2020.pdf>], and the sums indicated are in line with other alternative dispute resolution and ombudsman schemes.
- The compensation requested is above the WATRS maximum of £10,000 including £2,500 for distress and inconvenience.

Case study - sewer flooding

What happened? The customer had a blocked toilet with rising water. The company came to look but said the customer needed to get a private plumber for this problem. After the plumber's work, sewage entered the customer's cellar. Three months later the problem was traced to a faulty "Buchan trap" (U-bend) in the sewer outside the customer's property, which the company said it did not know about as it was under the pavement. The repairs were disruptive as the company's subcontractor ran a pipe through his shop to drain the sewer.

Compensation. The customer claimed £8,000 for losses to his business due to closures, bad smells and no customer toilet for months. WATRS awarded £500 *for poor handling of the customer's claim for compensation*. WATRS did not award compensation for the business losses. That is because under the law stemming from the Water Industry Act 1991, a company is not generally liable for sewer flooding unless the flooding was caused by its negligence. WATRS accepted that the company did not know about the faulty "Buchan trap" in its sewer when it advised the customer to get a plumber. WATRS did not consider this was negligence. The company provided a log of its actions to identify the source of the sewage, and although the company could have been more proactive this did not amount to negligence. WATRS accepted that running a pipe through the shop was necessary to repair the sewer. But the company had not dealt competently and promptly with the customer's compensation claim.

Case study - billing

What happened? The company deducted a much larger amount from the customer's bank account than her usual quarterly payment. The company's explanation was confusing, and it did not respond to emails promptly. The company acknowledged it had made mistakes and had credited the customer £60.00.

Compensation. The customer wanted a refund of the excess bill, an apology and compensation of £600 for time and energy spent in trying to sort it out with the company. WATRS awarded a further £60 of compensation *for poor customer service*. The company demonstrated that the bill was correct as previous bills had been based on estimates. But the company had initially given a different, wrong, explanation; had not responded to emails within its 10-day timeframe; and had sent the customer a multitude of confusing bills and invoices. WATRS did not consider the £60 already credited to the customer was adequate compensation for her inconvenience but thought £600 was not justified. The adjudicator referred to the published WATRS compensation guide and felt this situation fell into Tier 2.

Case study - credit reference

What happened? The customer said he couldn't get a mortgage in 2019 because of a negative marker on his credit reference file, due to owing his water company £39.15 between November 2016 and June 2017. He had changed to a metered water account in November 2016, and that was the outstanding amount on his old account but the company did not tell him. He paid the debt when it appeared on a bill for his new account seven months later. Meanwhile the company had reported the debt to a credit reference agency. After the customer discovered this in 2019 and complained, the company offered to correct the error with the credit reference agency and paid the customer £30.00 as a goodwill gesture.

Compensation. The customer wanted reimbursement of £60 spent on two credit checks and £400 compensation for stress and inconvenience. WATRS agreed with the £60 reimbursement and awarded £50 compensation *for stress and inconvenience* because the company had failed to communicate effectively with the customer. But the customer had not provided evidence (e.g. from the credit agency) to back up his complaint that he had been refused loans because of debt to the water company. WATRS said “I cannot make a finding of fact on an unsupported statement.”

Case study - loss of house value

What happened? The customer was having an extension built, but work had to be paused when a sewer blockage was discovered. The customer complained that the company took too long to attend to this. Eventually the customer employed a private contractor to drain the sewer so that the building works could proceed. The customer wanted the company to carry out a further repair because he was experiencing a bad smell.

Compensation. In addition to the repair, the customer asked for:

- £2,500.00 for the distress and inconvenience of chasing the company during the delay;

- £20,000.00 for the devaluation of the property due to the bad smell, and;

- £500.00 to cover the private drain invoice.

The company had already paid the customer £400.00 in recognition of missed appointments, unclear communications etc. WATRS ask the company to pay a further £250.00 for distress and inconvenience and to reimburse the £500.00 bill paid to the private contractor. WATRS did not think the customer had shown that his distress and inconvenience justified as much as £2,500.00. WATRS decided not to look at the £20,000.00 claim for the devaluation of the property for three reasons: it was above the scheme limit of £10,000; the customer had not made a substantiated claim to the company before approaching WATRS; and WATRS agreed with the company that a claim for property devaluation was a specialist area outside its remit.

Case study - water pressure

What happened? The customer suffered low water pressure in her fourth-storey flat and sometimes had to drink bottled water and go without a shower. The company investigated in Spring 2018 and found the pressure met the statutory requirement for a two-storey house, so said the fault must be internal pipes. The company offered £100 in recognition of delays in testing the pressure, but the customer rejected this. The customer then went abroad and let her flat at a reduced rent because of the water pressure. Nonetheless the tenant threatened to leave, and the customer needed the income so in February 2019 she complained to the company again. This time the company located a valve in its system which, when opened, resolved the problem immediately.

Compensation. The customer claimed:

£2,500.00 for the distress and inconvenience of an interrupted water supply and the company's failure to fix it within a reasonable time;

£300.00 per month to compensate her for reduced rental income;

£420.00 refund of water charges paid by herself and her tenant during the time the water supply was interrupted;

an unspecified amount for bottled water;

a formal apology.

WATRS awarded:

£750.00 for distress and inconvenience. WATRS thought this was the appropriate amount having considered the WATRS Guide to Compensation for Inconvenience and Distress. WATRS decided that compensation was due because the company had not met its statutory obligation to supply water to reach the top storey of every building.

Just under £900 for lost rent. WATRS agreed that the company should compensate the customer for lost rent. The customer provided the tenancy agreement from which WATRS calculated that the rent received was lower by £150 per month for about 6 months.

WATRS did not support this because the tenant was not party to the claim and the customer had already been compensated under (a).

WATRS did not support this claim because the customer did not provide evidence (such as receipts).

WATRS asked the company to apologise because it had failed to provide its services to the standard reasonably expected by the average person.

Case study - flooding

What happened? The customer had been complaining to the company about foul-smelling water in her cellar for 7 seven years, since 2011. For the first few years the company's investigations did not find a cause other than inappropriate items being flushed. In summer 2014 the company found a silt blockage in the sewer, other defects and a high ammonia reading in the water indicating sewage contamination. The company completed its repairs by March 2015. Meanwhile the customer had moved out into rented accommodation because she had a new baby and both were in poor health which she attributed to the overbearing stench. The customer has continued to experience water in her cellar but tests indicate this is now ground water, not from a sewer. The company had made Guaranteed Service Standard payments of £170 to the customer.

Compensation. The customer wanted £10,000 compensation, the maximum payable under the WATRS scheme, which included the costs of rented accommodation and of replacing the floor in her house which had to been taken up for the foul water to be pumped out. WATRS awarded £2,500 for distress and inconvenience (the maximum payable for distress and inconvenience) because the company had taken so long to identify and resolve the problem in the early years. WATRS did not grant the claim for rent and flooring because the customer had not supplied documentary evidence. The adjudicator wrote: "Whilst I accept from the evidence that a) the customer moved out of the property in 2014 and returned in March 2016 as a result of the issues encountered and b) she had to remove her flooring twice in order to allow the company access to investigate the water ingress, I have not been provided with proof of these sums incurred..... I find that such would need to be fully evidenced in order for me to consider this claim. As the above claims have not been evidenced, I cannot uphold these claims."

The Panel: who are we?

Regulatory

- **Claire Forbes**
Senior Director Corporate Communications, Ofwat
- **Sir Tony Redmond**
Regional Chair, London & South East Region, CCW

Independent

- **Sandra Webber (Chair)**
Formerly Consumer Support Director, Civil Aviation Authority
- **Daksha Piparia**
Director Piparia Consulting, formerly Head of Campaigns Coventry Citizens Advice
- **Susan Bradford**
Commissioner with the Commission on Human Medicines

Company

- **Louise Beardmore**
Customer Services Director, United Utilities plc
- **Joe Brownless**
Director of Customer Experience, Affinity Water