

SPSO decision report

Case: 201200612, Business Stream Ltd
Sector: Scottish Government and devolved administration
Subject: charging method / calculation
Outcome: upheld, recommendations

Summary

Mrs C runs a small business. She complained about the way her bills had been handled by Business Stream. Mrs C was told in June 2011 that she had not been paying enough for her water and had a backlog of debt. Since then, the amount for which she is being billed has doubled.

Until 2009, Mrs C paid for water based on the rateable value of the property. A Scottish Government decision meant that from 1 April 2009 all businesses began paying for water, based on the amount they used. To allow businesses to adapt to this, the move to the new charging system was phased, with only 30 percent of the bill in the first year being based on usage and this moved to 100 percent on 1 April 2011. As part of the new scheme, Business Stream are required to read the meters to ensure actual meter readings twice per year. Mrs C received bills from 1 April 2009 until 10 June 2011 based on estimated readings. When the first meter reading was made, it was shown that the business had used considerably more water than had been estimated. Mrs C queried this and it was found that there had been an error and this bill was reduced. However, she was still left with a debt and it became clear that due to the change from rateable value to charging by usage, Mrs C was facing considerably larger bills.

Our investigation found that Business Stream had made a mistake when they first read Mrs C's meter. However, they were now calculating bills correctly. We also considered the Scottish Government policy. The aim of the phased period was to allow businesses time to adjust and to take any action they could to reduce their water usage prior to the bills being solely charged on usage. We found, however, that Business Stream had failed to read the meter for nearly two years. This meant that Mrs C had not been able to take any action or to prepare for the increase in bills. Even although the bills were now correct, we upheld her complaint that Business Stream failed to handle the billing appropriately. However, as the water had been used, we were not able to recommend a change to the amount billed. We did consider it unfair that Mrs C had not been able to prepare for the change in the way her bills were calculated and made a recommendation about this.

Recommendations

We recommended that Business Stream Ltd:

- apologise for the delay in reading the meter; and
- review Mrs C's account and ensure no payment charge relating to the debt from the period of 1 April 2009 to 10 June 2011 remains. Any future payment plan agreed between Mrs C and Business Stream should fully reflect that Business Stream's failing prevented Mrs C from taking any mitigating action and, in particular, should allow for an extended repayment period.