



MALTA RESOURCES AUTHORITY

**Decision 015/2014/WD of the 21<sup>st</sup> of April 2014  
in virtue of the Malta Resources Authority Act (Cap. 423)  
on the Complaint by Mr. Joseph Bugeja against ARMS Ltd and Water  
Services Corporation**

**I. Determination**

**Whereas**

- I.A.** The MRA has received a complaint by Mr. Joseph Bugeja (hereinafter to be referred to also as ‘the complainant’) on behalf of his wife, Ms Marisa Bugeja, and regarding a high water bill at a property situated at “Mafran” 26, Triq Oliver Agius, Attard.
- I.B.** MRA has taken note of the complaint and has investigated the matters raised in it.

**II. Considerations**

**II.A. Facts**

- 1.** The facts of this Case are outlined in the attached document entitled *Review of Dispute between Mr Joseph Bugeja (Account No 411000033022) and ARMS Ltd / Water Services Corporation*” and dated 3<sup>rd</sup> April 2014.

**II.B Assessment**

- 2.** The Authority took note of the submissions presented by both parties as outlined in the attached document entitled *“Review of Dispute between*

*Mr Joseph Bugeja (Account No 411000033022) and ARMS Ltd / Water Services Corporation” and dated 3<sup>rd</sup> April 2014.*

3. The Authority also took note of the review of the dispute as indicated in the attached document and the observations and considerations raised in this Report.

### **III. Decision**

4. **On the complaint that the matter was unilaterally decided by an official within ARMS Ltd and that the dispute was dismissed without giving fair judgement to the case and without referral to the WSC Advisory Board, the Malta Resources Authority hereby determines that:**

- (i) the complainant’s case should be reviewed by a senior official of the Corporation as provided for in Section 15.0 subsection 2 (‘Complaints review’) of the WSC Customer Contract;

*“2. **Complaints review:** If you are not satisfied with the solution offered or action taken by us, you may have the complaint reviewed by a senior official of the Corporation. The Senior Official will:*

- *clarify your complaint and the outcome sought;*
- *ensure that the matter has been properly investigated;*
- *advise you of the estimated timeframe for our proposed action;*
- *communicate to you our final decision;*
- *outline the relevant facts and regulatory requirements where appropriate;*
- *indicate what we will do to address the issue;*

- *notify you of your rights to external review, if you are still not satisfied with our decision.*”

- (ii) the procedure as established in the WSC Customer Contract should be followed;
- (iii) after such procedure has been followed, the complainant should be granted the possibility for his case to be referred to the WSC Advisory Board for its consideration.

**5. On the complaint with respect to the unexplainable high water bill received and that “no person/s has physically consumed the said volume of water” the Malta Resources Authority hereby determines that:**

- (i) the merits of this claim should not be considered further by the Authority and the claim should at the first instance be considered by the WSC in line with the WSC Customer Contract and further referred to the WSC Advisory Board.

Ing James Camenzuli  
Chairman



MALTA RESOURCES AUTHORITY

MRA Reference: MRA/WAT/8/2014

3<sup>rd</sup> April 2014

**Review of Dispute between Mr Joseph Bugeja (Account No 41100033022) and ARMS Ltd. / Water Services Corporation**

**1. INTRODUCTION**

The Malta Resources Authority received notice requesting an independent review from Mr Joseph Bugeja by email dated 13<sup>th</sup> March 2014 regarding an 'unexplainable' high water bill at a property situated at "Mafran" 26, Triq Oliver Agius, Attard.

In his email to the Authority, Mr Bugeja stated that:

*"I am writing to you on the understanding that the MRA indirectly regulates ARMS Ltd, the latter being the billing subcontractor for both Enemalta and Water Services Corporations.*

*In this regard I am submitting a formal complaint on behalf of my wife (holder of account number 4110 0003 3022) in connection with an unexplainable high water bill at a property situated at "Marfran" 26, Triq Oliver Agius, Attard.*

*The entire case and related correspondence is contained in the attached document.*

*Apart from the fact that we are strongly contesting the said bill, it is definitely and totally unacceptable that an official within Arms Ltd unilaterally decides not to have the case referred to the proper board within the company for review and that inherently has dismissed the contestation without giving fair judgement to the case."*

Mr Joseph Bugeja also submitted the following documentation together with his email of 13<sup>th</sup> March 2014:

1. Copy of email dated 27 September 2013 to Water Services Corporation re water meter;
2. Copy of internal communications within WSC / ARMS Ltd regarding Mr Bugeja's email and dated 27 September, 15 October and 24 October 2013;
3. Copy of email to Mr Bugeja dated 24 October 2013;
4. Copy of email from Mr Bugeja to ARMS Ltd dated 25 October and subsequent correspondence dated 29 October, 1 November, 5 November, 2013;
5. Copy of email from ARMS Ltd dated 6 November 2013;



MALTA RESOURCES AUTHORITY

6. Copy of email from Mr Bugeja to ARMS Ltd dated 10 December 2013;
7. Copy of email from ARMS Ltd to Mr Bugeja dated 11 December 2013;
8. Copy of email from Mr Bugeja to ARMS Ltd dated 13 December 2013 and subsequent reminder dated 27 December 2013.

## 2. BACKGROUND

The Authority took note and examined the documents and complaint submitted by Mr Joseph Bugeja.

By email dated 14<sup>th</sup> March, ARMS Ltd and Water Services Corporation were requested to submit:

1. Details of bills (dates and meter readings) sent to Mr Bugeja for the period 2011 to date;
2. ARMS Ltd / WSC's version of events leading to the issue of the bills for the period 26<sup>th</sup> March 2012 to 28<sup>th</sup> September 2013, including any correspondence on the subject matter;
3. ARMS Ltd / WSC's consideration of the claims submitted by Mr Bugeja in his correspondence with WSC and ARMS Ltd and the reasoned conclusions reached for dismissing the case without further referral to the WSC Advisory Board;
4. Any other information which ARMS Ltd / WSC may consider relevant to the MRA to take cognisance and in considering this dispute.

### 2.1 ARMS Ltd / WSC Submissions

In its submissions, by email dated **20 March 2014**, ARMS Ltd noted that:

*“Case has already been reviewed from our end and a reply has been given to customer, in view of the fact that there was an instance where Mr. Bugeja had a leakage in his flushing system and therefore, according to WSC procedures could not be considered for revision, since customer could verify leak since it was visible. It should be noted that till date of this e-mail such cases are not considered for revision by WSC Board for the reasons already stated above.*

*According to records of readings (copy of attached) billing was issued as follows:*

- *Billing was issued on Ms. Marisa Bugeja as from 16.12.2011 as per dates and readings on form provided to change account holder*
- *Reading was provided by Ms. Bugeja on 26.03.2012*



MALTA RESOURCES AUTHORITY

- *Premises were closed for meter reader to take readings on two instance (i.e.: 01.10.2012 and 11.04.2013)*
- *Actual reading taken by the meter reader in 28.09.2013 (high water consumption discovered)*
- *Meter was changed on 02.03.2014 (consumption back to normal according to final reading)*

*NB: inspection carried out in same premise to perform an internal leakage detection on 16.11.2013 (copy attached)*

*In view of all the details above, it was suggested to Mr. Bugeja so that he can provide our department a letter claiming that consumption which was recorded on the meter should be billed across the whole period of time (from actual to actual) since invoice issued (when high reading was discovered), was billed from last missed reading which is also according to WSC policies. This letter would be then considered during a Bulking committee."*

ARMS Ltd also submitted the following documents:

- (i) Consumer readings for the period 16<sup>th</sup> December 2011 to 3 March 2014;
- (ii) Copy of WSC Job request dated 16<sup>th</sup> November 2013 regarding the investigation of the complaint and report that no leakage was detected. WSC Surveillance technician noted that a new bathroom was installed and high water consumption could possibly have been attributed to leak from flushing system.

## **2.2 Claimant's Submissions**

Following submissions of ARMS Ltd's clarifications and documentation, on 21 March 2014, Mr Joseph Bugeja was invited to submit any further clarifications and his reaction to the issues highlighted by the WSC which he considered relevant in the course of this review.

By email dated 24<sup>th</sup> March 2014, Mr Bugeja submitted the following:

*"In the first instance, allow me to remark that my email to Ms Grech Zerafa dated 13 December 2013 and a follow up to the same email dated 27 December remained both unanswered. This is surely not acceptable when all and sundry are professing customer centricity. I am attaching the trail of email correspondence for your reference.*

*In their response to your office, ARMS Ltd. are firstly automatically concluding that there was a leak from the flushing system and secondly making an unfounded assertion that such suspected leak was visible.*



MALTA RESOURCES AUTHORITY

*Indeed, as remarked by the Water Services Corporation technician in his visit report, the likelihood of the abnormally high water meter reading was due to a leak from the flushing system. This has been signalled as a probability and not a certainty by the same technician in his report. Secondly, I fail to understand how ARMS Ltd. have unequivocally concluded that such leak was visible when the same technician's report states that no leaks have been found.*

*The water consumption of 259 cubic metres over the period April 2012 till September 2013 is not only excessively but ridiculously high even if the residence were to be lived in let alone when nobody resided at the said property during this period.*

*The fact that no one resided at the property is also corroborated by the fact that two meter readings were missed out due to "Premises closed" as listed out by ARMS Ltd. themselves.*

*The consumption as indicated by the water meter was definitely not consumed by any residents within the property.*

*As pointed out by the WSC technician in his report if indeed there was a leakage in the flushing system this could have been inherently resolved as a result of the installation of a new bathroom.*

*In the clarifications to MRA, ARMS Ltd. have also mentioned that the meter was changed on the 2 March 2014 and "consumption back to normal according to final reading". It could well have been that the old meter was defective and as ARMS Ltd have stated the consumption has come back to normal. As seen from the WSC report, the old meter was not tested when the WSC technician visited the premises.*

*In conclusion:*

- 1. The abnormally high water consumption as shown by the old meter cannot be attributed to any residents since during the period under question nobody resided within the property;*
- 2. If such abnormally high water meter reading was due to some flushing system leak this could have been inherently and unknowingly resolved as a result of the replacement of a bathroom;*
- 3. It could well be that the old water meter was defective erroneously indicating high consumption.*

*In the light of the above, you are kindly solicited to take cognisance of the parameters which have been put forward and favourably consider that the said water consumption was indeed not consumed by the property owner or any residents, thus bringing the bill in line with the historical consumption."*

Therefore Mr. Bugeja's claims are summarised as follows:

1. Complaint against unexplainable high water bill on the basis that:

*".... no person/s has physically consumed the said volume of water "*

*.... water consumption was indeed not consumed by the property owner or any residents"*

2. Complaint against ARMS Ltd for dismissal of contestation without giving fair judgement on the case.

### **3. REVIEW PROCEDURE**

In the course of this review, the following documents were examined:

- (i) Correspondence between both parties;
- (ii) Breakdown of water readings submitted by ARMS Ltd for the period 16 December 2011 to 3 March 2014;
- (iii) the Customer Contract;
- (iv) Water Supply Regulations which establish the applicable water tariffs and other provisions related to metering and testing of water meters.

In addition, the following sections of the Customer Contract were noted:

#### ***"4.0 What are your fundamental obligations?"***

*1. You are responsible for maintaining what is termed as "your water distribution system". This system comprises all of the pipes and fittings that belong to you and that are connected with the WSC supply meter.*

*Therefore, you are responsible for the maintenance of your water system to prevent any damage or failure which might affect the water quality and/or lead to internal leakages."*

(Customer Contract, Page 6)

#### ***"12.0 Defective Work***

*2. You are responsible for any consumption registered on your meter. It is therefore your responsibility to ensure that there are no internal leakages in your property. Extra care should be made on roof tanks and other water fittings, appliances and taps.*





MALTA RESOURCES AUTHORITY

*If you notice extraordinary high consumption call in a professional to assist you in locating the water-loss. We may offer this service at an extra charge.*

*High consumption resulting from internal leakages is still considered as water consumed by you which you still must pay for.*

*After having raised a claim as per Clause 9.0 part 2 and paid a deposit of €25, your claim will be investigated and may lead to the extra consumption being calculated at the preferential tariff.*

*Any rebate on internal leakage is only considered for residential consumption only and when the leakage is a hidden leakage. Such leakage rebate is based on the discrepancy in quantity between the average consumption and consumption during the leakage period.”*

(Customer Contract, Page 13)

**2. *Complaints review:*** *If you are not satisfied with the solution offered or action taken by us, you may have the complaint reviewed by a senior official of the Corporation. The Senior Official will:*

- clarify your complaint and the outcome sought;*
- ensure that the matter has been properly investigated;*
- advise you of the estimated timeframe for our proposed action;*
- communicate to you our final decision;*
- outline the relevant facts and regulatory requirements where appropriate;*
- indicate what we will do to address the issue;*
- notify you of your rights to external review, if you are still not satisfied with our decision.*

(Customer Contract, Page 15)

In the course of this independent review and on the basis of the complaint received, the following issues were considered, i.e. whether:

1. The water bill received by the consumer for the period April 2012 to September 2013 was correct or otherwise and responsibility of the consumer for payment;
2. the claim by Mr Joseph Bugeja for referral of the case to the Advisory Board is justified or otherwise;

#### **4. CONSIDERATIONS TAKEN IN THE COURSE OF THIS REVIEW**

4.1 This review noted that:



MALTA RESOURCES AUTHORITY

1. Mr Bugeja filed his first complaint regarding a suspected faulty meter / high water bill on **27<sup>th</sup> September 2013**.
2. ARMS Ltd initiated investigations into this case following consumer complaints and
3. On **6<sup>th</sup> November 2013** ARMS Ltd informed Mr Bugeja that since he was contesting the high water consumption, he could request meter testing against payment of a fee of €11.65.
4. The Water Supply Regulations in fact provide for testing and verification of water meters if consumer considers that such water meters are defective. By email dated 2 April 2014, ARMS Ltd confirmed that no requests for testing and verification of the water meter were submitted by Mr Bugeja during the period September 2013 – March 2014 as permitted by Regulation 22 of the Water Supply Regulations.
5. The WSC's Surveillance Technician investigation was carried out on **16<sup>th</sup> November 2013**; No leakages were detected by the WSC in the course of its inspection of the premises. the WSC Surveillance Technician's report detected no leakage within the premises and it was reported that:  
  
*"At the moment no leaks were found. Most probably leak from the flushing system. New bathroom installed recently. Premises was (sic) not used during the leak."*
6. ARMS Ltd reached the conclusion that the high water consumption for the period was due to leakage in the flushing system on the basis of this assumption.
7. This point seemed to have been originally accepted by Mr Bugeja in his email dated 12 December wherein he stated that:  
  
*"..... (omissis) it is evident that the leak was inherently and automatically rectified as a result of the replacement of a bathroom within the property, a factor which was signalled in the report by the WSC technician who visited the premises. The fact that the meter reading has returned to normal is evidence of the fact that indeed there was unnoticed flow of water the cause of which was inherently resolved when the said bathroom was changed."*
8. This point was however further clarified by Mr Bugeja in his email dated 24 March 2014 wherein he stated that:  
  
*"It could well have been that the old meter was defective and as ARMS Ltd have stated the consumption has come back to normal. As seen from the WSC report, the old meter was not tested when the WSC technician visited the premises."*



MALTA RESOURCES AUTHORITY

9. The water meter test was not carried out on 16<sup>th</sup> November 2013
10. Following the WSC Surveillance Technician's inspection of 16<sup>th</sup> November, further water consumption continued to be registered in the premises such that up to 2<sup>nd</sup> March 2014, (when the meter was replaced), the water meter reading stood at 1,889 m<sup>3</sup>.
11. On **10<sup>th</sup> December 2013**, Mr Bugeja wrote to ARMS Ltd requesting whether his case was being referred to the Advisory Board.
12. On **11<sup>th</sup> December 2013**, ARMS Ltd advised Mr Bugeja that in view of the fact that no hidden leakage was detected and since high water consumption was presumed to be from a leaking flushing his case could not be referred to the Advisory Board.
13. On **13<sup>th</sup> December 2013**, Mr Bugeja requested explanation from ARMS Ltd why his case was not being referred to the Advisory Board
14. No further communication was sent by ARMS Ltd on this case.
15. The water meter was changed on **2<sup>nd</sup> March 2014**.

The Review also noted that the Customer Contract establishes that:

- (a) any internal leakage (whether hidden or otherwise) is considered to be consumption by the consumer and for all intents and purposes it is the consumer's responsibility for payment;
- (b) All the internal plumbing system (consumer's private water distribution system) within the premises is the responsibility of the consumer and under no circumstances can the WSC be held responsible for any leakages within such internal plumbing systems;
- (c) it limits WSC's responsibility up to the consumer water meter and consumer's obligations with respect to the consumer's water distribution system are clearly delineated as follows: *"all of the pipes and fittings that belong to you (the consumer) and that are connected with the WSC supply meter."*
- (d) The general principle is that each party is responsible for his own actions and upkeep of his own property and assets. The maintenance of the consumer's private water distribution system should rest on the owner of such systems. Consequently any leakages which may occur from such private water distribution systems, are not the WSC's responsibility.

## 5. REVIEW'S CONCLUSIONS

### 5.1 ***Conclusions as to claim by Mr. Bugeja in regard to lack of access to the WSC Advisory Board***

On the complaint by Mr Bugeja that the matter was unilaterally decided by an official within ARMS Ltd and that his dispute was dismissed without giving fair judgement to the case and without referral to the WSC Advisory Board, this review concludes that:

- (i) Although *prima facie* there may appear to be no evidence to sustain a claim for rebate for hidden leakage as provided by the WSC Customer Contract, the conclusion reached by ARMS Ltd that the leakage was due to the flushing system is purely speculative.
- (ii) The Customer Contract provides for the customer to submit a claim against payment of €25 in relation to any account dispute, where a customer feels that he has been overbilled and that such a written complaint should be submitted within 45 days from the date of invoice.
- (iii) Although it does not transpire that Mr Bugeja raised such an account dispute in line with the Customer Contract provisions, once ARMS Ltd initiated the investigations to this account dispute, Mr Bugeja should have been granted all means available so that his case is investigated and decided upon through the established channels of authority and as provided for in the WSC Customer Contract.
- (iv) Therefore for all intents and purposes, since ARMS Ltd accepted to investigate this account dispute, it is concluded that the case should be:
  - (a) reviewed by a senior official of the Corporation as provided for in Section 15.0 subsection 2 Complaints review and the procedure as established in the Customer Contract followed;
  - (b) in any case after the above procedure has been followed, the customer should be granted the possibility for his case to be referred to the WSC Advisory Board for its consideration.

### 5.2 ***Conclusions in regard to claim submitted by Mr Bugeja with respect to the unexplainable high water bill***

- (i) On the claim submitted by Mr Bugeja with respect to the unexplainable high water bill received and that "no person/s has physically consumed the said volume of water", this



MALTA RESOURCES AUTHORITY

review notes that the WSC Customer Contract establishes that *“High consumption resulting from internal leakages is still considered as water consumed by you which you still must pay for.”*

- (ii) However since, the MRA is recommending that the matter is reviewed as established by the Customer Contract and referred to the WSC Advisory Board, it is concluded that the merits of this claim should not be considered further by the MRA and the claim should at the first instance be considered by the WSC in line with the Customer Contract and the WSC Advisory Board.

## 6. Other Observations

6.1 In the course of this Review the following additional observations are being noted for the attention of ARMS Ltd and WSC.

- (i) In this course of this dispute, ARMS Ltd responded to Mr Bugeja’s communications, queries and concerns albeit with some delays. At the same time, however, it is also noted that Mr Bugeja had to continually submit reminders and requests for information on the progress of his dispute.
  - (ii) Mr Bugeja was not provided with a reply to his last email dated 13<sup>th</sup> December despite a reminder being submitted on 27<sup>th</sup> December 2013. It is also noted that there are no clear timeframes for the treatment of the complaint and its possible resolution were given to the customer.
  - (iii) The procedure for Review of Customer Complaints as established in the WSC Customer Contract – Section 9 – sub section 2 – Complaints review should be followed including providing information regarding the rights to external review.
-