

Case studies

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Claim for damages to orchard

Mrs F established an orchard. In autumn 2006, overhead power lines came down and started a fire that swept through the property damaging the orchard trees as well as physical infrastructure such as netting, fencing, and a trailer.

Several days after the fire, a maintenance contractor said to Mrs F that there had been minimal maintenance on the overhead lines for several years. While a 'bird strike' had been identified as the reason for the lines coming down, he said that inadequate line maintenance may have also been a contributing factor.

Mrs F lodged a substantial claim with the network operator for the lost infrastructure as well as loss of projected income from the orchard. This was declined because the fire was started by factors beyond the network operator's control, that is, a bird strike.

The Energy Ombudsman took up the matter with the network operator, who reviewed its initial decision and appointed an independent loss adjuster to review the claim. Subsequently a significant offer was made to settle the case.

Maintenance of power lines is a factor to be considered when assessing a claim for compensation.

Loss of live seafood

A regional business that provided holding tanks for commercial fishermen required electricity to operate aerators for the tanks that held stocks of live crayfish, crabs and fish.

The network operator was upgrading power quality to accommodate increased demand from a new shopping centre. Its contractor notified customers in the street in which the business was located that power would be disconnected for a number of hours at night on a specific date.

On the night of the outage, the business owner, Mr H, contacted the network operator advising that his business had suffered an outage and asking urgently when power would be restored. Mr H was advised that power would be out for several hours as per the advice slip sent out earlier. He said he had not received this advice, saying if he had, he would have hired a generator.

As a result of the outage, Mr H claimed he lost several thousand dollars of live seafood. He lodged a damages claim but it was declined because the network operator's contractor had provided an advice slip several days in advance.

The contractor confirmed that the advice slip was left in the letter box. However Mr H was adamant that he did not receive it. As it came down to one person's word against another, the network operator made a commercial decision to settle and offered Mr H half the amount claimed. This offer was accepted.

When a matter cannot be resolved definitively, the parties in dispute, acting in good faith, can elect to settle on a commercial basis.

Accessible information

A small take-away food outlet received an account for several thousand dollars. The owners didn't understand why, and asked a family friend to act as their representative with the energy supplier because they didn't have good English language skills. Their friend contacted the company and was informed that the account was a 'catch-up' account, as the business had been receiving estimated accounts for the previous year.

The owners had paid the accounts, not realising that they were in fact only estimated accounts. Their friend sought our assistance. Once it was explained that the large account was a catch up, the owners were happy to establish a payment plan to pay the balance.

This case raised issues about clear information for customers from non-English speaking backgrounds, and the Energy Ombudsman made some suggestions to the supplier about improving its accessibility.

Rural electricity connection

Mr and Mrs L bought a block of rural land, planning to build their home on it. The block was not serviced by electricity, so they contacted the network operator to find out about being connected.

The next door property was serviced by overhead power lines. The network operator planned to continue these lines, but the owner of the property (Mr M) objected, on the basis that the lines would be aesthetically unpleasant, and that it would make it difficult for heavy machinery to access his property for work and building planned for the future. Mr M said he would only accept underground power lines, but was not prepared to pay for the undergrounding of the lines. The network operator also refused to meet the cost of undergrounding.

Mr and Mrs L complained that it was unfair for them to have to accommodate their neighbour's demand in order to get electricity.

Both Mr and Mrs L and Mr M contacted the Energy Ombudsman. We visited the site and met with both parties separately, and then met with the network operator to discuss potential solutions. The outcome was a solution that provided partial undergrounding of the lines to meet Mr M's aesthetic and access concerns. Both the network operator and Mr M contributed to the cost of this solution, and Mr and Mrs L got their connection.

The Energy Ombudsman endeavours to resolve disputes by listening to the concerns of the parties and by encouraging creative solutions that take into account the interests of those involved.

Credit reference concerns

Mr A advised his energy supplier when he changed address but the supplier sent his account to the old address. As his account remained unpaid for several months, the supplier referred it to a debt collection agency. When Mr A applied for a business loan some 12 months later he was refused the loan as the outstanding debt showed up on his credit history. Mr A approached the supplier who advised him what the account was for. He then paid the outstanding amount. However, the credit reference still remained on his credit history, and continued to impact on his business plans. The debt collection agency would not remove the reference from Mr A's credit history without the supplier's approval. Mr A contacted the Energy Ombudsman seeking assistance to have the supplier remove the reference.

After examining the correspondence between all three parties, we formed the view that all three were partially responsible for the account being unpaid: the energy company sent accounts to the wrong address; Mr A eventually received the account even though it had gone to the wrong address but then forwarded it to his real estate agent for payment, however, the agent didn't pay the account; and the debt collection company repeatedly rang the wrong number. We suggested to the company that the credit reference be removed from Mr A's credit history, and this occurred.

Problems with correct billing addresses are not uncommon. In cases such as this when each party has contributed in some way, a negotiated outcome is the fairest approach, and can help maintain goodwill between the customer and their supplier.

Shared housing and previous accounts

Mr B and Ms C were co-tenants. Mr B established the energy account in his name but advised the supplier that Ms C was also residing at the address. After seeking his consent, Ms C transferred a previous account of hers onto the account.

A month later, Ms C moved out. The energy supplier disconnected Mr B because Ms C's account remained unpaid. Mr B advised his supplier that Ms C had gone, and that her outstanding account was for a previous address, while he was up-to-date with his account. However the supplier refused to reconnect him.

Mr B got in touch with us and told us that Ms C had been hospitalised and was unable to be contacted. He hadn't told the supplier this in order to respect Ms C's privacy.

We contacted the supplier and said that we were satisfied there were significant issues causing Ms C to move out and that in our view it was unfair to disconnect Mr B when he was not responsible for the previous account. The supplier then reconnected him.

Customers need to be aware of all of their obligations when they set up an account. But at the same time, the Energy Ombudsman looks to suppliers to be flexible if the particular circumstances warrant it.

Customer service standards

Mr T had a faulty hot water system that was leaking, resulting in a bill 300% above his normal accounts. He phoned his energy supplier and explained the situation, and was advised that the account would be recalculated to reflect his normal usage pattern.

When his next account arrived, Mr T discovered that he received the same account again, despite the supplier's earlier advice. He contacted them again, and was told that the customer service officer he'd spoken to was inexperienced and not authorised to waive the amount in the first place. Mr T was understandably upset and so he contacted us.

We contacted the supplier and said that while the customer service officer may have been inexperienced, we didn't think this was a fair response. The supplier agreed to waive the higher account and to honour the initial advice given to the customer.

The lesson for the supplier was to ensure that customer service officers are trained thoroughly and know what they have the power to do when dealing with disputed amounts on bills.

Claim for damage to appliances

An energy supplier was replacing cables in front of Mr N's house. After the new cables had been installed, the supplier tested them by turning the power on and off a number of times. When the installation was completed, Mr N discovered that some of his electrical appliances no longer worked. He lodged a damages claim with the energy supplier but it rejected the claim on the basis that there was no evidence that the work had actually caused the damage to the appliances.

We negotiated between the parties and the company made an offer, based on the principle of putting the complainant back in the position they were in before the incident. This was eventually accepted by Mr N.

The Energy Ombudsman looks at the specific circumstances of each complaint, and in negotiating an outcome forms a view on what is fair and reasonable to both parties, having regard to all the circumstances. Each case is considered on its merits. In this case, both parties modified their original positions and came to what the Ombudsman viewed as a fair resolution.

Estimated accounts and guard dogs

An energy supplier had historically sent Mr W estimated accounts. The meter readers could not access the meter because of a large dog which was fenced in at the property behind a locked gate. In 2003, the dog was put down, and Mr W advised the supplier that meter readers could now enter the property unhindered. For two years Mr W received accounts based on meter readings. However, in late 2005, he began to receive estimated accounts again. He was concerned because the amounts were significantly higher than previous 'actual' accounts, so he contacted the company. The explanation given was that the meter readers had intended to read the meter but believed the gate to be locked, and that was why estimated accounts were sent again. Not happy with this explanation, Mr W called the Energy Ombudsman.

The supplier sent the meter readers back to conduct an actual meter reading and Mr W was issued with a new account. The supplier also verified that its system recorded that there was no longer a dog on the premises and that the gate was no longer locked, and therefore there was no need to estimate future accounts.

Good systems and processes to accurately record changes to customer details are essential.

Business claim for damage to appliance

An electrical outage caused damage to a substantial piece of equipment at a small business. The owner lodged a damages claim and provided independent information that the damage was most likely caused by an outage. His claim was declined, so he contacted us. The supplier agreed to conduct a power quality investigation in the neighbourhood but this did not show anything substantial.

However, in a casual conversation with the owner, one of the supplier's employees later commented that the cause of the initial outage was partially the supplier's fault. The owner told us and the supplier then agreed to compensate the business for its repair costs.

The supplier took into account what its employee had supposedly said in its resolution of this case. In the Ombudsman's view, it was appropriate that such information be taken into account.

An unusually high bill

Mr S, a small business operator, received an energy account that was three times his previous account, and for a slightly shorter time frame. He contacted the supplier who could not provide an answer other than 'the meter is correct'. Mr S arranged for an inspector to examine the meter. The inspector advised that the meter was running correctly but that it was a 'main meter' for the complex. Mr S spoke to neighbouring businesses who advised that they were paying separate accounts. Upon closer examination of the accounts, Mr S realised he was being billed for the neighbouring businesses as well as his own. He advised a customer service officer of this but was not happy with the company's response so he called the Energy Ombudsman.

At our instigation, the company then went back and investigated the situation. It acknowledged that Mr S was being billed for his neighbours' usage, and re-calculated the business's account. It also removed the main meter and installed a sub-meter on the premises.

This case highlights the importance of customer service officers treating complaints seriously, and really listening to the complainant in the first instance, so that appropriate action may be taken. It also demonstrates how important it is for small businesses to ensure via their landlord that they are aware of the appropriate process to follow to get power connected and to have it properly billed.

Payment plans to cover arrears

Ms D was disconnected due to a large unpaid account. She contacted her energy supplier to arrange reconnection, but was told that she first had to make payment in full.

Ms D contacted us and explained that she could not pay the full amount but could make instalment payments. We asked the supplier why a payment plan hadn't been offered to Ms D. They then proposed a payment plan and realised that the customer was entitled to a number of rebates. The supplier ensured that all rebates were credited to her account to reduce the amount owed by Ms D, then established a payment plan that she could adequately budget for, and reconnected her supply.

We were pleased that both parties benefited from this resolution: the supplier through the agreed payment plan, and the customer by discovering her entitlement to certain rebates.

Risk of disconnection averted

Mrs G's account was overdue. She contacted the energy supplier to set up a payment plan. One of the conditions of the plan was that regular payments were due on particular dates. Mrs G missed one payment and received a disconnection notice from the supplier. She rang the supplier and explained why she had missed that payment, but the customer service officer failed to note the reasons and did not pass the information on to the relevant part of the company.

Mrs G contacted the Energy Ombudsman seeking assistance to stop the disconnection. We contacted the energy supplier to find out why the disconnection was proceeding, given the customer's explanation for missing the payment date. The supplier discovered that the reasons (which were significant) had not been recorded, and so the disconnection was averted.

Where customers are experiencing difficulty in adhering to payment plans it is important that they notify the company and provide an explanation. The Energy Ombudsman also expects the company to act in good faith and take due note of the explanation provided. This case reinforces the importance of good recording of customer contacts and of appropriate action by the company.