

# A guide to water resale

**Ofwat** is a non-ministerial government department. It is responsible for making sure that the water industry in England and Wales provides customers with a good quality and efficient service at a fair price. It is independent of the water industry.

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The Water Resale Order gives protection to people who buy their water or sewerage service from another person or company instead of directly from a water or sewerage company. These rules apply in England and Wales.

## Are you paying too much for water and sewerage services?

This leaflet tells you about water resale. It applies to you if:

- you charge domestic tenants or others for water or sewerage services which are supplied to you by a water or sewerage company (for example, you may be a mobile-home site owner or a housing landlord), that is, you are a 're-seller'; or
- you pay your landlord, mobile-home site owner, or any other person or company for water or sewerage services provided to your home rather than the water company direct, that is, you are a 'purchaser'.

## The maximum resale price

The maximum resale price is the most that anyone can charge another person for supplying water or sewerage services that they

themselves have bought from a water or sewerage company.

The maximum resale price does not apply to:

- holiday homes;
- second homes;
- commercial customers;
- private supplies, such as water from a borehole; or
- maintenance charges.

This leaflet explains how maximum resale charges should be worked out and answers some frequently asked questions. Examples of how charges should be worked out are shown on page 10. The detailed legal Order is set out on page 13.

## Who sets the maximum resale price?

Ofwat has legal powers, under the Water Industry Act 1991, to say how a maximum resale price should be worked out. This is to make sure that those who resell water or sewerage services do not overcharge.

## The rules

Anybody reselling water or sewerage services must charge no more than the amount they are charged by the water company, plus a reasonable administration charge.

The administration charge is set to cover administration costs and the maintenance of meters. It can only be charged if it is not recovered by any other arrangement, such as through the rent or mobile home pitch fee. Re-sellers can recover around £5 each year for those without a meter and £10 for those with a meter. The administration charge applies to each purchaser and not to each occupant.

The re-seller must work out the amount they charge for water and sewerage in one of the following ways.

### A. If no purchasers are metered:

- The re-seller must share the bill from the water company between the purchasers using one of the following six methods:

1. equally between the purchasers; or
- in proportion to the:
  2. number of people living in each property;
  3. rateable value of each property;
  4. total floor space of each property;
  5. number of bedrooms in each property; or
  6. one half of the bill calculated on the number of purchasers (method 1) and the other half calculated on any **one** of the other methods (2-5).

- The re-seller must pay a share of the total bill in line with the rules set out above if they share a supply with the purchasers.
- The re-seller must charge purchasers only for the period they have had the right to live in that property.
- If the re-seller charges more than the average household bill for the region, they must be able to justify this by using one of the six charging methods above.

### B. If all purchasers are metered, the re-seller must:

- charge the same amount per cubic metre to each purchaser as they pay to the water company; and
- share the standing charge they pay to the water company equally among all purchasers.

### C. Where there are both metered and unmetered purchasers, the re-seller must:

- work out the charges for metered purchasers in line with (B) and deduct these from the water company's total bill before working out the charge for each unmetered purchaser in line with the rules under (A).

## What the re-seller must tell you

The re-seller must tell you how much your water bill is and how it has been worked out.

If your bill looks high compared with the average for your area,

or is higher than you think it should be, write to your re-seller and ask for details on how they have worked out your bill.

You may need to ask some, or all, of the following questions.

- What is the total bill, standing charge and amount for each cubic metre or other charge paid by the re-seller to the water or sewerage company?
- How many purchasers have been charged?
- How has the total bill been shared among different purchasers (for example, by rateable value, floor space, equal shares, or by metered use)?
- What are the details of rateable values, floor space and so on (if you are not on a meter)?
- What is your water consumption (if you are on a meter)?
- If your bill is estimated, what is the method used?
- Has any charge been included in the bill for repairs or maintaining water or sewerage pipes (these charges are not covered by the maximum resale price and should not be included within the water charges)?

The re-seller must provide you with all the information they have used to work out your bill and should also set out clearly how your charges have been calculated. They must provide this in writing and must not charge you for it (other than the administration charge).

It is good practice for the re-seller to share a copy of the water company's bill when they charge you.

Using the information the re-seller gives you, check whether your bill has been worked out in line with the rules set out in this leaflet.

## What happens if the re-seller does not give you the information you ask for?

From 31 March 2006, if the re-seller does not give you the information used to calculate your bill within four weeks of your written request, you can pay a reduced charge. This is calculated at a rate of half of the local water company's average household water and/or sewerage bill.

The reduced charge should cover the amount of time which the re-seller's bill relates to. It should be paid for as long as they do not provide you with the necessary information.

## How is the Water Resale Order enforced?

If your re-seller charges you more than the maximum resale price, you can refuse to pay the extra amount. You can take legal action against them in the civil courts to recover any overpayment. You can also recover interest on that amount.

If you think that you are being overcharged, or you need more information on taking court action, you may want to get advice from your solicitor, Citizens Advice or a county court.

## Frequently asked questions

### Can I have a water meter installed?

We cannot require re-sellers to install meters. You can ask your re-seller to fit a meter but there is no legal requirement on them to do so.

### My re-seller has estimated my water bill. Is this allowed?

Some re-sellers may wish to estimate your bills before they know the actual amounts of their own bills. In those circumstances, the re-seller should try to make sure that bills to purchasers are estimated as accurately as possible. For example, the re-seller may base the estimate on their previous bill from the water company.

Because the re-seller must not charge more than they actually pay to the water company, they must check when they receive their bill from the water company and refund any amount overcharged or correct it on your next bill.

### I live on a site which is also occupied by commercial customers and holiday homes. How do I know that I am not paying for their water?

All water users must pay a share of the bill. Ideally, meters should be installed to measure the amount of water used by different users. If you don't have a meter, your re-seller must divide the water company's bill using one of the methods set out in the Order. They should make best efforts to use a method which is fair.

You must not be charged more than the average household bill for the region, unless your re-seller can justify this using one of the charging methods. If you are unhappy about the charging method used you should discuss this with your re-seller.

### **I'm in dispute with my re-seller about my water bill. Can Ofwat help me?**

We can help by explaining how the Water Resale Order works. But we cannot offer legal advice or resolve any dispute between you and your re-seller. The resolution of any dispute is ultimately a matter for the civil courts.

### **If I am overcharged, how much interest can I recover from the re-seller?**

From 31 March 2006, if you are overcharged you can recover interest at a rate of twice the average base interest rate of the Bank of England for the period you have been overcharged. This is in addition to the amount you have overpaid. Details of the Bank of England rates can be found on the website at [www.bankofengland.co.uk](http://www.bankofengland.co.uk) or in the financial pages of many national newspapers.

### **Where can I get information on the average household water and sewerage bill?**

You can find this information in our 'Water and sewerage bills' leaflet which we publish each year. You can get hold of a free copy using the contact details on the back page.

### **There are leaks on the site and I think I'm paying for leaked water. What should I do?**

Your re-seller is normally responsible for fixing leaks on the site's pipework. If you think there are leaks, you should discuss this with your re-seller. If there is significant leakage on a site, your local water company may ask the re-seller to fix any leaks.

### **My re-seller is charging me a maintenance charge. Can they do this?**

Maintenance costs for water or sewerage pipework, for example to fix leaks, are not covered by the Water Resale Order. It doesn't prevent re-sellers from recovering maintenance costs, but neither does it encourage it. Maintenance costs must not be included in the water charges. It is up to your re-seller to decide how best to recover these costs, for example through your pitch fee or by separate agreement.

### **Can my re-seller charge me for using a hosepipe?**

No, the re-seller should not charge you an additional amount for using a hosepipe or sprinkler.

## **For more information**

### **Please contact:**

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**Telephone: 0845 039 2837**

### **Website:**

[www.ccwater.org.uk](http://www.ccwater.org.uk)

### **e-mail:**

[enquiries@ccwater.org.uk](mailto:enquiries@ccwater.org.uk)

Nothing in this explanatory leaflet constitutes legal advice. You may wish to seek professional legal advice, if necessary.

## Working out maximum resale charges

The following examples show how maximum resale charges should be worked out.

They are based on a typical case of a mobile home site, which is itself metered, with 20 mobile park homes. The re-seller's total bill is £1,100, made up of a standing charge of £100 and a charge for water used of £1,000, based on 1,000 cubic metres at £1 for each cubic metre.

**The figures we have used are for example only. (Any administration charge may be added to the bills shown below, based on the daily rate set out in the Order.)**

### Example 1: Where no purchasers are metered

If charges are shared on the basis of the number of purchasers, each purchaser will pay the following.

Share of standing charge:  
 $£100 \div 20 = £5$

Share of charge for water:  
 $£1,000 \div 20 = £50$

Each purchaser will pay in total:  
 $£5 + £50 = £55$

If one of these purchasers only has the right to occupy a home for part of the billing period, for example if they move in six months after the start of the relevant year, that purchaser will pay half of that amount.

### Example 2: Where no purchasers are metered

If the re-seller shares the water company's bill in proportion to the number of people living in each property use the example below.

Ten mobile park homes contain one person.

Ten mobile park homes contain two people.

The number of people on the site is:

$$\begin{aligned} 10 \times 1 &= 10 \\ 10 \times 2 &= 20 \\ &= 30 \text{ people} \end{aligned}$$

Charge per person is:  
 $£1,100 \div 30 = £36.67$   
 (including standing charge).

The ten mobile park homes with one person would pay £36.67 each (£36.67 x 1 person).

The ten mobile park homes with two people would pay £73.33 each (£36.67 x 2 people). Therefore, the total bill will be as follows:

$$\begin{aligned} £36.67 \times 10 &= £366.70 \\ £73.33 \times 10 &= £733.30 \\ &= £1,100 \end{aligned}$$

### Example 3: Where no purchasers are metered

If the re-seller shares the water company's bill using a combination of two methods (one half of the bill must be calculated on the number of purchasers and the other half will be calculated on, for example, the proportion of the number of people living in each property) use the following example.

First, work out half of the total bill:  
 $£1,100 \div 2 = £550$  (including standing charge).

Divide that amount among the number of purchasers:  
 $£550 \div 20 = £27.50$

Next, work out the charge per person.

Ten mobile park homes contain one person.

Ten mobile park homes contain two people.

The number of people on the site is:  
 $10 \times 1 = 10$   
 $10 \times 2 = 20$   
 $= 30 \text{ people}$

Charge per person is:  
 $£550 \div 30 = £18.33$

The ten mobile park homes with one person would pay £18.33 each (£18.33 x 1 person).

The ten mobile park homes with two people would pay £36.67 each (£18.33 x 2 people).

Next, add the two amounts together.  
Therefore:

The ten mobile park homes with one person will pay:  
 $£18.33 + £27.50 = £45.83$

The ten mobile park homes with two people will pay:  
 $£36.67 + £27.50 = £64.17$

Therefore, the total bill will be as follows:  
 $£45.83 \times 10 = £458.30$   
 $£64.17 \times 10 = £641.70$   
 $= £1,100$

#### Example 4: Where all purchasers are metered

Each purchaser will pay the following.

Share of standing charge:  
 $£100 \div 20 = £5$

Share of charge for water:  
If a purchaser uses 40 cubic metres his bill will be:

$40 \times £1 = £40$   
 $+ £5 \text{ standing charge} = £45$

If a purchaser uses 60 cubic metres his bill will be:

$60 \times £1 = £60$   
 $+ £5 \text{ standing charge} = £65$

If ten of the purchasers use 40 cubic metres and ten use 60 cubic metres, the total bill will be as follows.  
 $£45 \times 10 = £450$   
 $£65 \times 10 = £650$   
 $= £1,100$

#### Example 5: Where some but not all purchasers are metered

If some, but not all, purchasers are metered, use the following example.

Ten purchasers are unmetered.

Ten purchasers are metered and use 60 cubic metres each.

First, divide the standing charge among all purchasers:  $£100 \div 20 = £5$  each

Next, work out the bills for metered purchasers.

Ten purchasers at 60 cubic metres  $\times$   $£1$  for each cubic metre  $= 10 \times £60 = £600$

Next, subtract that amount from the total charge for water:  $£1,000 - £600 = £400$

Divide the remaining  $£400$  among the ten unmetered purchasers (example 1 above):  
 $£400 \div 10 = £40$  each

Each metered purchaser's bill will be  $£60 + £5 = £65$

Each unmetered purchaser's bill will be  $£40 + £5 = £45$

The total bill will be as follows.  
 $£65 \times 10 = £650$   
 $£45 \times 10 = £450$   
 $= £1,100$

## Water Industry Act 1991 section 150 The Water Resale Order 2006

### Made 22 March 2006

Coming into operation 31 March 2006

1. The Director General of Water Services in exercise of the power conferred upon him by section 150 of the Water Industry Act 1991 ("the Act") makes the following Order.
2. The Order shall come into effect on 31 March 2006. The Water Resale Order 2001 shall be revoked with effect from that date.
3. Nothing in this Order should be read as preventing or encouraging the recovery, from a Purchaser, of costs reasonably incurred by a Re-seller in the maintenance or improvement of the Re-seller's infrastructure on which the provision to the Purchaser of water or sewerage services depends.
4. Nothing in this Order shall apply to water supplies provided by a licensed water supplier to premises of customers in accordance with Chapter 1A of Part 2 of the Act.

### Definitions

5. In this Order –

- "Dwelling" means any of the descriptions in paragraph 1(2) and 2 of schedule 4A to the Act, which is occupied by a person as his only or principal home, namely –
- (a) a private dwelling-house (which may be a building or part of a building),
  - (b) a caravan within the meaning of Part I of the Caravan Sites and Control of Development Act 1960 (disregarding the amendment made by section 13(2) of the Caravan Sites Act 1968),
  - (c) a boat or similar structure designed or adapted for use as a place of permanent habitation, or
  - (d) any house in multiple occupation (as defined in section 345(1) of the Housing Act 1985), which does not constitute a dwelling within any of the three preceding sub-paragraphs.

"Licensed water supplier" shall be construed in accordance with section 17B(9) of the Act.  
"Purchaser" means a person who occupies any dwelling and who buys from a Re-seller any water or sewerage services.

"Relevant Undertaker" means a Water Undertaker or a Sewerage Undertaker.

"Relevant Pipe" means a water main (including a trunk main), resource main, discharge pipe or service pipe.

"Re-seller" means any person who is not a Relevant Undertaker but who

- (a) provides to any Purchaser a supply of piped water which a Water Undertaker has supplied, directly or indirectly, to the Re-seller; or
  - (b) provides to any Purchaser a sewerage service which a Sewerage Undertaker has supplied, directly or indirectly, to the Re-seller,
- but does not include any person who uses any Relevant Pipe belonging to any Water Undertaker to transport water already belonging to that first person from a point of connection on any Water Undertaker's supply system.

## Maximum charges

6. (1) Subject to paragraph 8, if the water supply to the Purchaser's dwelling is metered, the Re-seller shall not recover from the Purchaser more than –
- (a) what the Purchaser would pay for the measured service, charged at the volumetric rate paid by the Re-seller to the Relevant Water or Sewerage Undertaker or licensed water supplier, provided that in any case the rate charged may not exceed the Relevant Undertaker's standard domestic volumetric water or (if appropriate) sewerage service tariff; and
  - (b) an amount representing any standing charge paid by the Re-seller to the Relevant Undertaker or licensed water supplier, divided by the number of Purchasers supplied by the Re-seller from the service to which that standing charge applies.
- (2) (a) If the Purchaser's water supply is not metered, the charge for that supply shall not exceed the average bill for a water supply (and, if appropriate, sewerage service) payable by the Relevant Undertaker's own domestic customers, as from time to time published by the Director, unless the Re-seller can show that a higher charge is justified in accordance with part (b) of this sub-paragraph, sub-paragraph (c) of this paragraph or with paragraph 8 below, as the case may be.
- (b) Without prejudice to part (a) of this sub-paragraph if a Purchaser's water supply is not metered, the maximum charge must be calculated as follows:
- (i) first, any amounts recoverable either under sub-paragraph (1) above or from any other person supplied must be deducted from the amount payable by the Re-seller to the Relevant Undertaker or licensed water supplier;
  - (ii) secondly, the amount still to be recovered after performing the deduction required by sub-paragraph (b)(i) above shall be apportioned –
    - (aa) equally among the Purchasers to whom this sub-paragraph applies; or
    - (bb) in proportion to the respective–
      - (1) rateable values of each of the affected Purchasers' dwellings;
      - (2) square footages of each of the affected Purchasers' dwellings;
      - (3) the number of occupants in each of the affected Purchasers' dwellings;
      - (4) the number of bedrooms in each of the affected Purchasers' dwellings; or
    - (cc) by calculating one half of the charge in accordance with the method stated in sub-paragraph (b)(ii)(aa) above and the other half in accordance with any **one** (but only one) of the methods set out in sub-paragraph (b)(ii)(bb)(1) to (4) above.
  - (c) Charges payable under sub-paragraph (2) of this paragraph shall be adjusted pro rata where a Purchaser has had the right to occupy a dwelling for less than the full period covered by the bill paid by the Re-seller to the Relevant Undertaker or licensed water supplier.

## Charges for services which are also used by the Re-seller and others

7. If the Re-seller (and/or any other person) receives any water or sewerage service for which charges would be payable under this Order if the Re-seller and/or other person were a Purchaser, the provisions in paragraph 6 shall have effect as if the Re-seller and/or other person **were** a Purchaser.

## Administration charges

8. (1) In addition to the sum calculated in accordance with paragraph 6 of this Order, the charges which the Re-seller may recover from the Purchaser may include a fee in respect of the Re-seller's cost of billing and, if the water supply to the Purchaser's dwelling is metered, the cost of maintaining the meter where these costs are not recovered by other arrangement.
- (2) The fee recoverable under sub-paragraph (1) (and by whatever means levied, charged or sought to be recovered) must not exceed 2.5 pence per day for each Purchaser to whose service sub-paragraph 6(1) applies and 1.5 pence per day for each Purchaser to whom sub-paragraph 6(2) applies.

## Transparent charging

9. (1) The Re-seller shall inform the Purchaser of the charges which are payable in respect of any supply or service to which this Order relates and how that charge has been calculated or estimated.
- (2) If the Purchaser so requests in writing, the Re-seller shall furnish the Purchaser in writing with the following information-
- (a) All information used by the Re-seller to calculate the charges referred to in sub-paragraph (1) (including, but not limited to, the charges payable by the Re-seller to the Relevant Undertaker or licensed water supplier in respect of the supply or supplies of water or sewerage services supplied or provided, directly or indirectly, by the Relevant Undertaker by means of which the Re-seller supplies or provides services to the Purchaser); and
  - (b) The method by which the Re-seller has calculated the charges referred to in sub-paragraph (1).
- (3) Where-
- (a) the Purchaser makes a request under sub-paragraph (2); and
  - (b) the Re-seller fails to furnish the Purchaser in writing with the information required by sub-paragraph (2) within four weeks from the date of the request, the charge recoverable by the Re-seller from the Purchaser shall not exceed one half of the average bill for a water supply (and, if appropriate, sewerage service) payable by the Relevant Undertaker's own domestic customers, as from time to time published by the Director ("the reduced charge").
- (4) The reduced charge shall be adjusted pro-rata in proportion to the period to which the Re-seller's bill to the Purchaser relates.
- (5) The Re-seller may recover from the Purchaser no more than the reduced charge in respect of the period between the last date on which the Re-seller is required to furnish the information required by sub-paragraph (2) and the date on which the Re-seller does in fact furnish the Purchaser with that information.

## Overcharging

10. Where a Purchaser pays a charge in respect of anything to which this Order relates and the amount paid exceeds the maximum charge fixed by this Order,
- (1) the amount of the excess; and
  - (2) simple interest on that amount at the rate of twice the average base rate of the Bank of England which was applicable during the period in respect of which the excess is calculated
- shall be recoverable by the Purchaser from the Re-seller to whom he paid the charge.