

# The effects of our works on your business

## How to make a claim for loss of profit



We know that our work can sometimes be a pain, especially if we have to dig holes in the road and public footpath to repair a pipe or collapsed sewer. This can be especially inconvenient for you if you're running a business in an area affected by our work. That is why we always do what we can to keep disruption to a minimum and work closely with the Highways Authority to ensure effective traffic management is in place to reduce the impact on your business. This factsheet explains what you can do if you feel our work has resulted in a loss of profit for your business.

### Entitlement to compensation

The provisions relating to compensation are contained in Schedule 12.1 (2) of the Water Industry Act 1991. In order for there to be an entitlement to compensation there must be a **strong causal link** between carrying out the work and the business, for example, a physical obstruction of the access to the business.

### Making a claim

Initial notification of your intention to claim for loss of profit arising as a direct consequence of the works should be addressed to the Legal Services department at the address below.

### Help in preparing a claim

You may be approached by companies offering to pursue a claim for compensation on your behalf; however the person best placed to compile your claim is your accountant, who will have experience of your business and methods of calculating compensation. We will pay one set of professional fees but only in so far as these have been reasonably incurred in preparing a successful claim. **It is important however that you do not incur any costs before receiving confirmation from ourselves that your claim is to be considered.**

### Supporting information

For your claim to be considered there must be adequate proof of loss, as evidenced by the accounting records of the business. You will need to supply the following information: ~

- A statement of the losses incurred by the business, together with a calculation showing how this figure has been determined.
- Audited trading accounts, and associated balance sheets, for the two years preceding the claim period. Please note that the accounts must be agreed with the Inland Revenue and certified by your accountant.
- A breakdown of the net weekly sales for the 20 weeks preceding the works, and for the period of the works themselves, with comparative figures covering these two periods in the previous year.
- If the claim is difficult to assess, we may require further information such as, but not limited to, post-works sales figures, VAT returns.

Please note that compensation is paid for loss of profits and **not** loss of turnover.

It is acknowledged that in certain cases it may not be possible to provide all the details listed above, for example where the business has only recently commenced trading and therefore there is limited financial information available. In these circumstances we would expect weekly sales from the commencement of the business together with the projected takings contained within the business plan.

It is our intention to settle claims as quickly as possible. Subject to the provision of all the relevant information from the business or their representative, we will endeavour to meet the following timescales:

- Upon receipt of the required documentation we will undertake our investigations and provide a decision on the claim within 4 weeks.
- If the claim is accepted an offer will be made.
- If the offer is accepted, payment will be made within 2 weeks.

We will endeavour to reach agreement as to whether compensation is payable or as to the amount of the claim.

### Appointment of arbitrator

In the overwhelming majority of cases, we are able to settle claims through the process set out above. However, in those rare cases where the parties cannot reach agreement there is provision under Schedule 12 paragraph 1 (3) of the Water Industry Act 1991 for the dispute to be referred to Arbitration.

- Each party must submit a maximum of 3 suggested arbitrators.
- The parties must agree an appropriate arbitrator following the above within 2 weeks.
- The joint instruction to the arbitrator must then be agreed within 2 weeks.
- The appointment of the arbitrator must then be made within 2 weeks.

Either party may approach Ofwat to appoint an arbitrator if every reasonable attempt to reach agreement has been unsuccessful.

### For further information



[Legalservices@uuplc.co.uk](mailto:Legalservices@uuplc.co.uk)



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## Further investigations

We reserve the right to request additional financial information and to appoint independent external advisors to act on our behalf if and when we consider it is necessary.

## Points to note

The criteria used to assess whether compensation is payable to a business include, but are not limited to, the nature and impact of the works being undertaken, the duration of the works and the proximity of the works to the business. Businesses are reminded that they also have a duty to mitigate their losses during the works.

We do not consider we are required to pay compensation if the only impact of our works is that potential customers had to follow a diversion route to get to the business or if customers are temporarily unable to park near a business on a street which has car parking restrictions in any event.



## About us

United Utilities is the North West's water company. We keep the taps flowing and toilets flushing for seven million customers every day. From Crewe to Carlisle, we work hard behind the scenes to help your life flow smoothly.