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The Social Housing Action Campaign Response to the Ministry of Levelling Up, Housing and Local Communities Call for Evidence for the Review of Social Housing Regulation

December 2021

Introduction

We address our comments to our experience representing housing association tenants and residents.

The very first paragraph in the Call for Evidence document states that:

> *"The Social Housing Green Paper published today offers a new deal for social housing … A robust regulatory framework is essential to this by ensuring that existing homes are safe, of good quality, and that landlords deliver the right services. It is also crucial in attracting investment to build new social housing so that hardworking people and our more vulnerable citizens have access to safe, decent and affordable homes."*

SHAC believes that housing associations are too often failing to provide safe, of good quality housing, and appropriate services to their tenants and residents, and despite all the public funds poured into them, are failing to guarantee access to safe, decent affordable homes in sufficient numbers to those who need them.

However, SHAC does not believe that changing the Regulatory Framework alone can achieve these aims, no matter how carefully drawn any new regulatory framework. The Regulator is only one part of the picture. In order to address the current the failings in the system, government would have to enact widespread structural changes to funding streams, and to statutory bodies such as the RSH, and Housing Ombudsman, and make changes to the legal protections for tenants and residents.

Primarily, our submission addresses the following questions from the Call for Evidence:

- How widespread and serious are the concerns about the quality of social housing?
- What is the impact on social housing providers' resources, and therefore their ability to maintain and improve their housing stock, of the need to remediate building safety risks and retrofit their homes to make them more energy efficient?
- Is the current regime for regulating social housing fit for purpose?
- Does the current regime allow tenants to effectively resolve issues?
- Do the regulator and ombudsman have sufficient powers to take action against providers?
- Will the reforms proposed in the social housing White Paper improve the regime and what progress has been made on implementing those reforms?

Below, we present our arguments to explain how effective regulation is being hindered. Evidence in relation to service charges is provided at **Appendix I**.

SHAC Statement on the Regulation of Social Housing

1. **Government relies on housing associations for the delivery of new housing supply. This shapes the sector and influences the Regulator's decisions on housing association gradings:**

    a. Government relies on HAs as a key partner in the delivery of public housing, and uses them to attract private equity funding to supplement government grant to build new homes. This model is preferred to one in which public housing is funded wholly through the public purse, and construction is delivered by councils and publicly owned companies.

    b. This means that HAs must keep city investors happy, and must make this a priority over and above almost all other interests.

    c. The commercialisation inherent in this model drives mergers between smaller and less financially secure HAs to form ever-larger organisations, and the increasing size of HAs creates a number of problems.

    d. Some HAs are now too big to fail. One of the roles of the Regulator is to find 'rescue' organisations when HAs are failing. This is less problematic when the association needing to be rescued is small, but is almost impossible when it is the size of Clarion, Places for People, or the newly merged One Housing Group / Riverside for example.

    e. The main regulatory sanction is a downgrade in the association's ratings. This is not a direct form of action, but rather, an indirect mechanism for applying pressure. A downgrade warns investors that there is a problem with the HA's governance or financial viability. These investors then apply pressure on the HA to address the problem.

    f. The threat to any HA which does not address the problem is that investor confidence will weaken, and the debt they rely on could be called in or re-priced at a higher rate to reflect the increased risk.

    g. This system creates a paradox however because the downgrade itself could trigger a catastrophic drop in investor confidence. If the association is small, this is resolved by securing a rescue organisation into which the failing HA will amalgamate, restoring investor confidence. As stated at (a) above, this cannot be done with the largest associations.

    h. The Regulator is therefore reluctant to apply this pressure on the larger associations. This has been evident in too many cases to enumerate. But a recent example was the regulatory review of Clarion Housing Group where, despite the evidence exposed in the media, and the public acknowledgement by the leadership of the organisation's failures, Clarion was given a top governance rating by the Regulator.

    i. Although the government's housing regulatory and investment arms have been separated once again into the RSH from Homes England, both are nonetheless

answerable to LUHC. The Regulator is aware that the HAs being regulated are the same organisations that government needs in order to deliver the Affordable Homes Programme and other Homes England funding.

j. Despite applying theoretical 'Chinese walls' between the two delivery arms, this knowledge continues to influence the Regulator's decisions. The Clarion finding referred to at 3(e) above was made just days before government announced that the same landlord was to receive £249.7 million through AHP. Had the Regulator decided to downgrade Clarion in the preceding days, it would have caused severe embarrassment to government.

2. Government's fear of the reclassification of housing associations as public sector organisations constrains the extent to which it is willing to regulate housing associations:

a. The Call for Evidence document itself makes this clear when it states that

> *"… we are also clear that we will not introduce measures that risk the reclassification of private registered providers as public sector organisations."* (p9).

b. One of the reasons for government not wanting associations to be classified as public sector organisations it does not want HA debt to become part of the national debt.

c. When the National Audit Office determined that HAs should be classified as private sector bodies, one of the consequences was that HAs then fell outside the remit of the Freedom of Information Act (FoIA).

d. FoIA acknowledges that information asymmetry prevents the users of public services from holding organisations to account. It therefore provides a mechanism through which this is addressed.

e. Exclusion from FoIA makes it extremely difficult for anyone wanting to scrutinise the activity of associations to do so effectively. This is not just a hindrance for tenants and residents, but for politicians and tenant representative organisations too.

f. This means that those who know that HAs are acting contrary to the interests of tenants and residents cannot get the evidence they would need to either challenge their behaviour by reporting it to the Regulator or other statutory body, or provide evidence to rebut the claims made by their landlord when they make misrepresentations to the Regulator or other statutory body.

g. We receive a large number of complaints from our members about the fact that their landlord has refused, or ignored a request, for information. This can include documents as important as a fire risk assessment (FRA) for their building. This is the case even when these assessments are used to justify extreme disruption to the lives of tenants and residents, for example decanting them permanently from their home. Without access to the FRAs, they cannot assess whether there is genuine justification for the landlord's action.

h. SHAC also has extensive evidence of housing associations lying to the Regulator and to MPs about their activities. The Regulator's remit requires only that they ask the HA

for assurances about their behaviour, not that they evidence the veracity of the HA's statements (except to some extent where it concerns financial viability). The mistruths are therefore difficult to challenge both for the tenant and the Regulator.

3. **The collective power of HAs means that they are shape the legislation that governs them, including that of the Regulatory Framework. This helps them to reduce scrutiny and accountability to a negligible level:**

    a. HAs have used their power over government recently to achieve a major weakening of checks on their behaviour, including by arguing for a weakening of the Regulator's framework over the years. The weakening has been considerable, and resulted primarily from the lobbying of HAs.

    b. Twenty years ago, in the days of the Housing Corporation, the Regulator evaluated five areas of operation: governance, financial viability, management, development and tenant engagement. Now, only the first two remain, and governance is only assessed in as far as it impacts financial viability.

    c. Up until 2011, HAs were subject to an inspection regime similar to Ofsted in the education sector. Originally this was also housed within the Housing Corporation until briefly being moved to the Audit Commission, which was then closed by government.

    d. The housing inspection regime complemented the work of the regulation teams, providing a means for triangulating data, meaning that decisions were based on more robust data. Now, the Regulator relies almost entirely on the word of HA executives for its assurances, with minimal triangulation against other forms of evidence.

    e. Over the last twenty years, the Regulatory approach has changed from an evidence-based 'lead regulation' model, to the co-regulatory (or more accurately self-regulatory) model we have now.

    f. The was again intended to reduce the risk of HAs being classified as public bodies, and government has already precluded any actions that might revive this risk. But it is not just government fear that has led to this state of affairs. The influence of the HA executives over government should not be under-estimated. This was underscored recently with an example from Riverside.

    g. Riverside Housing Group papers leaked to SHAC show that in February 2021, senior executives in Riverside discussed a worrying trend: a sharp rise in the number of tenants and residents taking the landlord to court over disrepairs and uninhabitable homes. Claims were averaging around 29 claims per month, an increase of over 30% since November 2018.

    h. The majority of claims against Riverside were settled out of court. This suggests in fact that the tenants and residents involved had genuine cause to complain about disrepairs and that they had not been able to get them addressed through the landlord's complaints systems.

    i. In Riverside's narrative, the big problem was not the unacceptable conditions of its homes, but that continuing to settle tenant's claims would involve a projected cost of

around £3.35 million (working out at £11,000 per claim, including compensation). The executives argued that this was unsustainable.

j. It was with this mindset that the Riverside executive chose to form a club with other housing associations in a united front against their own tenants and residents, even though they admit that:

> *"*[The] *legislation is designed to protect tenants from irresponsible landlords and unsafe living conditions … Any action to limit their right to hold their landlords to account, could be considered as disadvantaging social housing tenants … it could be seen that* [housing associations] are *looking to avoid their responsibility to their tenants and allow them to live in unfit homes."*

k. The HAs involved in Riverside's project included a large (and growing) number of associations, with a sub-group of eight providers to lead it. The eight are For Housing, Onward, Prima, Regenda, Riverside, Salix Homes, Shepherds Bush Housing Group, and Torus.

l. The group's stated aim was to identify

> *"the legislative and policy changes we might seek to reduce the capacity of tenants to pursue inappropriate claims"*.

m. The courts already dismiss inappropriate claims, therefore the use of this word is superfluous. The aim of Riverside and its collaborators is to make it harder for tenants and residents to get justice through the courts in relation to disrepairs.

n. We understand that government intends to introduce a cap on disrepairs compensation next year, and therefore believe that this project has borne fruit for its architects.

o. Like the Regulator and Ombudsman, the First Tier Tribunal is one of the mechanisms intended as a check on landlord's behaviour.

Additional Comments

4. The current legislative infrastructure for social housing fails to provide adequate accountability for, scrutiny of, and enforcements against housing associations in breach of their duties towards disabled tenants under the Equality Act 2010.

a. Poor landlord behaviour has a significant impact on all tenants but disabled tenants, in particular, are substantially disadvantaged by such conduct. The effect of this is far-reaching, devastating the quality of disabled tenants' lives (and of the carers residing with them) physically, mentally, emotionally, and relationally.

b. The current legislative infrastructure requires social landlords to publish policies regarding its commitment to adhere to the Equality Act 2010 but there is no mechanism to scrutinise and enforce adherence. The onus is therefore entirely on the tenant to pursue the landlord for breaches through the complaints process.

c. For those preoccupied with the challenges of disability, this process is draining and especially demoralising when met by landlords who intentionally protract the process

or completely ignore their complaints. An additional issue is that the complaints process itself is not always accessible depending on the tenant's disability, and landlords often refuse to make reasonable adjustments to facilitate this.

d. Upon an unsatisfactory response following the landlord's complaints process, after at least 8 weeks tenants have the option of pursuing complaints with the Housing Ombudsman (HO). This process is exceedingly lengthy, sometimes taking around a year, leaving disabled tenants to languish in difficult circumstances.

e. While the HO has the power to fine landlords it considers to be in breach of its duties, these fines are usually far too minimal to have an impact on landlord behaviour overall. The HO's role is also reactive, providing no scrutiny until problems are raised, and the HO is powerless to proactively enforce landlord behavioural change in the long-term.

f. The current role of the Regulator of Social Housing is even more flaccid and redundant. For example, in 2021 the Regulator was presented with comprehensive evidence in the form of HO findings, medical reports, disability media reportage, and extensive social media complaints of Southern Housing Group's failure to either acknowledge or fulfil its disabled tenants' requests for repairs and adaptations (and other reasonable adjustments), or to provide appropriate intervention and protections for those experiencing severe antisocial behaviour (ASB).

g. Nevertheless, the Regulator refused to investigate Southern Housing Group on the basis that there was supposedly no evidence of 'serious detriment' being suffered by tenants.

h. The Regulator failed to explain how the 'serious detriment' criteria was not met despite the evidence presented, failed to explain how it arrived at this conclusion in the absence of an investigation, and failed to indicate whether it had adjusted its criteria to consider the substantial disadvantage experienced by disabled tenants as defined in the Equality Act 2010.

i. While the upcoming legislative changes promise to remove the Regulator's 'serious detriment' criteria, there remains no definitive promise to proactively scrutinise landlord compliance to the Equality Act 2010 regarding disability, or to execute specific penalties to landlords who fail to comply to their duty of care to disabled tenants.

j. Without such protections for disabled tenants, the role of the Regulator will remain wholly ineffective for those suffering substantial disadvantage at the hands of their landlords.

k. While extensive research has long identified insufficient provision of accessible social homes and safe, appropriate living conditions, little has been done to enforce landlord response. These problems are avoidable given the excessive financial reserves they have accumulated, which could be readily apportioned towards resolving these issues. In the absence of a clear legislative requirement to do this, only the threat of or actual media exposure appears to motivate landlord response.

l. Such was the case for severely-disabled Junior Jimoh, who lived in deplorably squalid conditions for years until transferred by L&Q housing after being featured on

ITV. Meanwhile, millions of disabled tenants who do not enjoy the benefit of such exposure are left to suffer.

m. Current landlord policies often promise to employ a multiagency approach when supporting disabled tenants. However, as landlords are often brazenly nonadherent to their own policies, their engagement with external agents frequently fails to materialise. The outcome of this can be tragic, particularly in the area of ASB, as in the example of high-profile cases as follows:

i. Fiona Pilkington killed herself and her disabled daughter Francecca in 2007 after Leicestershire council failed to intervene appropriately following relentless ASB from neighbours.

ii. Three years later, David Askew, who had learning difficulties, was found dead of a heart attack outside of his home after suffering harassment from neighbours for a decade; his landlord was Peak Valley Housing Association. Though he died of natural causes, medical professionals involved at the time believed his death was related to the ASB.

iii. In 2018, Mark Smith, who had learning difficulties, was murdered after thugs overran his home in Chingford; his housing association had repeatedly refused to change the locks on his door to stop perpetrators from frequently invading his home.

iv. In 2021, despite pleas from both Sir Iain Duncan Smith and the local Safer Neighbourhood Police, Southern Housing Group refused to rehouse a Chingford family, which includes two disabled tenants, who had been subjected to violence and harassment from their immediate neighbours for five years.

v. In all above incidents, multiagency failure was an issue. However, if landlords are mandated to fulfil their duty of care to disabled tenants and legally required to exercise appropriate use of their powers under the Anti-Social Behaviour, Crime and Policing Act 2014 on behalf of disabled tenants, events such as the above would be far less likely to occur.

n. Over the last year, SHAC has become increasingly aware of landlords who take a punitive approach to disabled tenants with legitimate complaints. This can take the form of punishing disabled tenants by ignoring their repair requests or taking a long time to complete them, blaming them for their living conditions or falsely accusing them of ASB when they are in fact the victim.

o. This bullying and harassing behaviour has continued unchecked for years because landlords know that the current legislative infrastructure provides no inspection to prevent or penalise such activities. Many disabled people do not have the practical or financial resources to pursue their complaints through the legal system, which itself often fails to recognise the seriousness of such complaints when presented judicially.

p. If the government is serious about social housing reform it cannot disregard the needs of disabled tenants who are at particular risk when subjected to poor landlord conduct. It is our strong view that the government has a moral and practical duty to

ensure landlord compliance to the Equality Act 2010, specifically protecting disabled tenants in social housing regulation.

q. Future regulation must provide clear accountability for landlords in how they engage and respond to their disabled tenants, and enforcements when they fail to do so effectively, while also providing disabled tenants with ready access to remedy when breaches occur.

5. Service charges need to be regulated.

a. SHAC has long received frequent and sometimes shocking reports about problems with service charges. Some landlords are clearly worse than others. However, across the sector it is evident that tenants and residents are getting a raw deal. HAs do not appear to have either the ability or the will to manage this aspect of their business responsibly.

b. HAs collected £1.5 billion in service charge income last year. They claim to have spent more than this on the services delivered, but a body of evidence provided to SHAC by our members demonstrates that HAs do not have accurate systems for tracking the services delivered, nor for billing.

c. There is a substantial cost to the public purse involved. Many HA tenants and residents pay their service charge wholly or partly through Universal Credit (UC). There is however no system in place by the Department for Work and Pensions to scrutinise the legitimacy of service charge billing by landlords.

d. Tenants and residents who pay their own service charges are reluctant but willing to spend the time required to analyse the cost of services, identifying errors, and then attempt to get refunds. No-one is scrutinising the legitimacy of the service charges paid through the benefits system.

e. SHAC compiled a report on the abuse of the service charging mechanism by housing associations. This is attached as Appendix I, but in summary we found:

i. Double or sometimes multiple charging for a service.
ii. Charges for services never delivered.
iii. Charges for services that would be impossible to deliver, for example lift maintenance in homes without lifts.
iv. Charges for services that were in fact being provided by the local council, for example refuse collection.
v. Unexplained charges, in that even the landlord when pressed could not explain what the charge was for.
vi. Difficulties getting itemised bills for services and supplier receipts, even where the law required the landlord to produce them; and the law does not give every type of tenant the legal right to inspect invoices and receipts.

vii. Difficulties getting the landlord to engage with tenants and residents attempting to highlight overcharging (the incidents of undercharging far outweigh undercharging). Tenants lodge a call with the helpline and are promised that someone from the finance department will return their call, but the promised call does not happen, and when they call back, are told that there is no record of the original call. This is then repeated. We believe this is deliberate. When tenants call the alternative number in order to pay their rent, it is answered and dealt with immediately.

viii. Even where a landlord admits an error and promises to refund, there is no set timescale, and refunds sometimes take years to apply, or never appear at all, even when ordered by the Ombudsman or FTT.

ix. There is no regulation of the mark-up that is acceptable where service provision is sub-contracted. The worst example provided to SHAC with evidence was a mark-up of over 2000% (this arrived after publication of the Service Charge Abuse report so is not included).

In Conclusion

SHAC supports the idea that of the provision of safe, of good quality housing, and appropriate services to tenants and residents across all tenures, and access to safe, decent affordable homes in sufficient numbers for those who need them.

We believe that if government genuinely wishes to meet these aims, it needs to carry out widespread reform to the UK housing model because it cannot be achieved just by tweaking one element – in this case the Regulator.

SHAC

9 December 2021

SECTION ONE: INTRODUCTION AND CONTEXT

1. Introduction

The Housing Quality Network's advert for a service charge workshop declares that

> *"Whilst rent arrears are always hitting the press, many organisations spend hundreds of thousands of pounds on providing services. But few recover the full costs from their tenants and leaseholders."*
>
> Housing Quality Network[1]

Hundreds of thousands of tenants and residents across the UK would beg to differ. They would say that tenants and residents are being systematically financially abused through housing association service charging.

The evidence we have collected through two surveys over the last six months shows that housing associations are wrongly, possibly fraudulently, extracting money from tenants and residents. Landlords are getting away with the abuse because the field is firmly tilted in their favour. The imbalance in power is achieved through:

- **Invisibility: The majority of service charges are not scrutinised**
  Bills are not scrutinised because the tenant or resident is receiving benefits which in some cases go straight to the landlord. In 2013, Government introduced Universal Credit which does not differentiate the housing element from other aspects of the benefit payment making it even more difficult to understand how much money is delivered to housing associations from the benefits system[2]. Other factors preventing scrutiny arise from tenants and residents' own circumstances, for example language barriers.

- **Sloppy and vague record keeping**
  Poor record keeping serves the landlord by making it difficult for tenants and residents to fully understand how the charges have been arrived at.

- **Inaccuracy and inadequate mechanisms for apportioning costs**
  Tenants and residents find that their bills are beset with errors in favour of the landlord. Where they live in maisonettes or blocks of flats, they find that they are paying a disproportionate share of the cost of communal services;

[1] Housing Quality Network 'Setting Service Charges and Maximising Income' workshop advert https://hqnetwork.co.uk/service-charges---setting-service-charges-and-maximising-income-a-practical-workshop/

[2] Department for Work and Pensions Statistical Release November 2013 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/256658/stats_summary_nov13.pdf

- **Attrition to prevent tenants and residents addressing errors**
  Landlords ensure that tenants and residents are deterred from using the complaints systems by turning it into a 'war of attrition' with any tenant or resident who wants to report an issue. As an illustration of the difficulties faced, one resident attempting to assert their legal right to an itemised breakdown of service charges wrote in frustration:

  - **London & Quadrant resident (Ref TAC014)** Our respondent wrote *"I contacted the service charge team* [for a breakdown of charges] *multiple times - originally on 05/05/2020, then on 24/08/2020 I made a formal Section 22 request. I received nothing so I sent follow ups on 27/08/2020, 28/08/2020, 15/09/2020, 28/09/2020, 21/10/2020 and a formal complaint on 14/10/2020 which has still not been addressed well past the deadline."*

- **Institutional barriers making remedy largely inaccessible**
  For those whose complaint is within a Tribunal remit, the option remains to go to court. In other cases, they may be able to approach the Housing Ombudsman. Both processes however are highly challenging and bureaucratic.

  Broadly, the law stipulates that a person should only be liable for service costs where the cost has been reasonably incurred and carried out to a reasonable standard (Landlord and Tenant Act 1985[3]). Section 22 of the Act also say says that where a tenant, or the secretary of a recognised tenants' association, has obtained summary of relevant costs they can ask the landlord in writing to provide reasonable facilities for inspecting the accounts, receipts and other documents supporting the summary, and for taking copies or extracts from them. However, one repeated complaint made to SHAC is that housing associations do not feel compelled to comply with these sections of the law.

  - **Hexagon Housing (Ref NGC018)** The resident lives in a large block and is one of a small group of around 30 shared owner residents. Hexagon is both landlord and managing agent for these residents. The resident describes the service charges over the last few years as *"increasing and less than transparent"*. Attempting to interrogate the charges has been fraught with problems. The landlord supplied only a subset of receipt and invoices, and documentation for some of the major cost items such as buildings insurance have been absent. The residents have engaged with the landlord on multiple occasions, with meetings and with formal complaints. They have involved local councillors and the MP, but are still battling.

Our conclusion is that that the service charge system needs a root and branch review, with stronger legislation to protect tenants and residents. Access to justice needs to be improved.

[3] Landlord and Tenant Act 1985 https://www.legislation.gov.uk/ukpga/1985/70

Regulatory and remedial institutions need to have greater power to force changes in recording systems, as well as rapid refunds where errors are identified.

2. About Our Surveys

Evidence for this report was collated through an online snapshot survey in 2020. In March 2021, we launched a more detailed evidence-gathering exercise which allowed tenants and residents to report overcharging or phantom charging through an online system. Respondents were asked to send supporting evidence by email to SHAC.

Where the evidence was compelling, SHAC followed up with further correspondence or telephone discussions with the respondent. There were also two cases which came through engagement on social media rather than the online survey.

In total, almost 60 case studies were collected, far outstripping our expectations. Eighteen case studies are featured in this report, all from tenants and residents across eleven housing association landlords. These cases have been selected because they are particularly illustrative of the problems reported to SHAC.

We have supported our own findings by highlighting a sample of cases from the Housing Ombudsman and the First Tier Tribunal (Residential Property).

We have endeavoured to ensure that all statements made in this report are made in good faith, and supported by documentary evidence where possible.

SHAC would like to put on record our thanks to everyone who helped with this report, whether by submitting evidence or otherwise providing support. Although not all cases were subsequently used in the report, each one adds to the body of information and collective supporting evidence.

This report starts with context on service charging across the sector, then provides evidence to support our findings. It concludes with an appeal for action to address the service charging scandal.

3. Service Charging Across the Housing Association Sector

The housing association sector collected a total of £1.4 billion in service charges from tenants and residents in 2019/20 according to the Regulator of Social Housing's Global Accounts[4].

According to the same accounts, the sector spent £1.7 billion on providing services, so even by their own figures, housing associations are getting it wrong. This discrepancy raises a serious question about the management of service charging and the reliability of data reported to the Regulator.

[4] Regulator of Social Housing Global Accounts (2019/20) https://www.gov.uk/government/publications/2019-global-accounts-of-private-registered-providers/2019-global-accounts-data-file-introduction-and-statements

It is impossible to establish what proportion of this income was erroneously charged either by the landlord or sub-contractor, or fraudulently levied for services that were never provided. This would require investigative powers and authority beyond those available to SHAC.

4. Private Landlords

Problems with service charging affect residents of private corporate landlords too. An article in the Financial Times entitle *"We are trapped': residents hit with soaring charges at luxury London homes"* featured residents Ballymore leaseholders who had experienced service charge hikes of 10%-15% per annum[5].

In highlighting the article to SHAC, a housing association resident noted that they had bills on a par with those in Ballymore dwellings, but without the *"various on-site facilities, including a Jacuzzi, sauna and sky-high swimming pool"* that the Ballymore residents enjoyed. Nonetheless, it highlights that tenants and residents are financially exploited across both housing tenures.

SECTION TWO: EVIDENCE AND CONCLUSIONS

5. SHAC's First Service Charge Survey

After receiving a number of complaints about charges, SHAC carried out a snapshot service charge survey in 2020. Although the number of responses were small compared to the size of the sector, our research showed that:

- **Around 40% of tenants and residents had experienced service charges increases which vastly outstripped inflation.** Service charge bills had more than doubled between 2018 and 2019 for around 15% of respondents. More than a third of respondents had to meet a 10% to 29% rise in bills over the same period. A further third had to meet service charge increases ranging between 30% and 100%.
- **Around 52% of respondents had been overcharged compared to just 16% who had ever been undercharged.** The error rate in favour of the landlord is therefore more than three times higher than it is in favour of the tenant or resident. The most that any respondent had been undercharged was £800, which contrasts with a £6,000 maximum overcharge amongst respondents.
- **There was also a large discrepancy in the scale of overcharging compared to undercharging.** Errors which increased the bill between 1% and 10% were found in 12% of cases, between 11% and 50% of the bill were present in a third of cases, between 51% and 100% of the bill in almost half the cases, and 12% of respondents had errors which more

[5] Financial Times, (13 March 2021), 'We are trapped', https://www.ft.com/content/b135b814-dc9e-4abc-bb64-f378d11179d8?shareType=nongift

than doubled their bill. By contrast, none of the undercharging errors exceeded 20% of the bill.

- **Tenants and residents who pay their bills struggle to get reimbursed even if an error is identified.** Around 70% of overcharged respondents had not yet been reimbursed, and around 35% were still battling between 12 months and two years after the billing date. In all cases of undercharging, the landlord had recouped the loss.
- **Landlords pass on supplier cost increases, but rarely if ever pass on efficiency savings.** In both cases, the financial benefit leans toward the landlord. Around 5% of respondents had been informed of efficiency savings, but only a quarter of these received lower bills as a result. By contrast, a fifth of respondents had been informed of supplier cost increases, all resulting in higher bills.

6. Case Studies

The snapshot survey was followed up with more detailed evidence gathering by way of case studies. Each case study presented below has been selected as illustrative of a particular aspect of problems experienced by tenants and residents with service charges.

It is worth bearing in mind that in each case, the respondent was just one of a number of people affected, and in some cases, the mischarging applied to entire estates.

One participant wrote:

> *"My experiences with the Housing Ombudsman and Property Tribunal have been less than satisfactory, but the latter did force YHG's* [Your Housing Group] *hand on at least one issue. This resulted in a refund of some charges and YHG decided to apply to all 92 residents in the block – and possibly more in other properties."*
>
> Your Housing Group tenant (Ref DRC012)

Similarly, a Hyde tenant noted:

> *"I live in a* [street] *property, I have my own street front door. It's taken 3 years to get them to stop charging me a block charge. There's roughly 37 properties that are Hyde's on this estate. Another resident, who was 2 doors down but had a different street address has been refunded all service charges for 18/19 with them being told it should not have been paid. I have been told I have had to pay."*
>
> **Hyde tenant (Ref SAC013)**

In the supporting information supplied by those who provided evidence for our report, it was clear in all cases that the problem affected not just the complainant, but other tenants in a block, street, or sometimes entire estate. The cases should be read as the tip of an iceberg.

a) Possibly fraudulent charges

Alleging fraud is a serious matter, and not something that we would do lightly. However, we are repeatedly led to this conclusion, based on the evidence supplied.

Correspondence between a SHAC member and their landlord illustrates this point powerfully. It is almost impossible not to interpret the events as fraud by a sub-contractor which has been enabled rather than challenged by the landlord.

- **Southern Housing Group (Ref MSC005)** The resident sent the following complaint to Southern:

  "An issue was raised by residents for the group to investigate which involved a concern that your contractor had billed us for items that did not appear to have been replaced. Those items were either a) replaced, in which case there should be a charge, or b) not replaced in which case there shouldn't be a charge. There is no grey area. It is very easy to check if something has been replaced and in this case if that something is even present.

  "The group [Southern] *inspected the works and afterwards, on 2 occasions, decided that the charges were correct and reasonable. I of course challenged this as there was no sign of those items that they claim had been replaced and for which we were being charged for. I was astonished that the group thought it was reasonable to charge us for items not replaced.*

  So either the group knew the items had not been replaced and decided to charge us which is a gross failure, or, the group did not know exactly what had been replaced but decided that charges were correct and reasonable without any knowledge of what work had been carried out, also a gross failure.

  My complaint was very clear from the start and throughout the 10 months it took to resolve, why were we being charged for items not replaced?"

  The tenant goes on to ask:

  "Why did it take 10 months to determine whether items had been replaced or not? Why did I have to keep challenging the groups position on this simple matter when the evidence was very clear that items had not been replaced? Why did your contractor attempt to charge for items not replaced? This is theft/fraud. Why did the group seem to be covering for the contractor and tried to convince me the charge was not fraudulent but that it was reasonable? Not once, but twice."

  And concludes that the whole experience has left them *"with very little confidence that your contractors are submitting the correct bills and I have no confidence in the group's ability to manage our service charge costs or deal with our complaints adequately."*

Southern eventually agreed to refund those items which they claim they replaced but didn't exist, but there was no apology despite requesting one as part of the complaint.

- **Clarion Housing Group (Ref JBC007)** A communal electricity charge of £3,200 has been levied for a block of just nine flats. Clarion has failed to supply any bills to support this cost. The tenant has asked for up to date metre reading, but has only ever received estimated costs. The metre has only been read once in five years (November 2020). The tenant describes these communal electric costs as *"absolutely baffling"*, and says *"we have a timed light in the hallways that when pressed stays on for exactly 5 mins, emergency night light, dusk to dawn light out the front, and a sensor light at the rear. The only other electricity used is by the cleaner for approximately five minutes per visit. The costs do not fit the usage."*

- **Ability Housing (Ref KGC009)** The tenants have identified that supported housing costs are being levied to everyone on the estate, regardless of whether they are in supported housing or general needs accommodation.

  Tenants in general needs properties are being asked to pay a charge of £9.95 per week (£517.40 per annum) for 'Intensive Housing Management'. The landlords says that it is entitled to make this charge in accordance the 2006 Rent Regulations, but appears to be applying it indiscriminately, regardless of whether the service is actually provided to the household or not.

  The list of phantom services that Ability is charging for is growing. In *2019*, there were just two of these. The following year, another two were added by way of communal cleaning even though Ability had already agreed that there was no communal area, and a warden call even though there is no warden.

It would be easy to gain the impression from this report that it is the larger housing associations which are unable to provide accurate, timely, and transparent service charging, and perhaps excuse at least some of the problems due to the sheer scale of operation that such landlords must undertake. However, the Hexagon case above and Housing for Women below highlight that the problems are present even in smaller landlords, and just scale up as organisations grow.

- **Housing for Women (Ref HPC017)** The resident has engaged in a long and tedious battle with the landlord over a four-year period just to receive statements on service charges.

  In 2018, the resident was informed that H4W would refund charges for the cleaning service due to having no cleaning. To date no refunds have been given, despite reminders.

  Some of the charges also appear fraudulent.

For over eight years, those who wanted to park had to purchase and pay for a parking permit. However, many residents did not have cars, and therefore questioned the car parking service charge. They were told that the charge was for maintenance of the grounds. Then, the charge suddenly disappeared.

In particular, CCTV and rubbish collection have been major sources of contention. The CCTV is not functioning but residents are still being charged for it. H4W also charge specifically for refuse collection, although all collection of rubbish is carried out by the local council.

b) Incorrectly apportioned costs

- **Clarion Housing (Ref JACRC001)** The block has 33 flats across 7 floors. The top 6th and 7th floor (18 flats) are shared-ownership leaseholders. A second block with around 20 flats neighbours this one.

  Major redecoration works were announced in November 2020 with an estimated total cost of around £5,000. One of the residents received a spreadsheet with the quoted costs. However, the measurements in this quote are far higher than they should, for example the carpet area is wrongly quoted as 755 square metres, but the block's carpeted area is actually 350 square metres.

  The leasehold residents believe that not only are they are being charged for our whole block but also for the neighbouring block.

  There is a possible fraud here also. The tenant has been told that the tenants from the neighbouring block have had a rent increased which was attributed to the redecoration works, which suggests a duplication.

  In February 2021, leaseholders received estimated service charges that show an increase from £100 to £400 per month. The majority of this is an increase for 'major works' of around £225 per month. This suggests that we could be paying this for several years and end up, and that the total will amount to more than the suggested £5,000.

- **Hyde Housing (Ref PMC006)** A tenant had been with Hyde Housing since January 1988 and had never before paid a service charge. Their block consists of two flats. The tenant is not a leaseholder and has not received any prior notification from Hyde about service charges.

  In 2020, the tenant received a bill of £59.18 for cleaning bins and rubbish and a management charge of £52.96 for the tenant's property. Along with other items, the total service charge cost to the tenant amounts to £405.15. Hyde does not provide cleaning of bins and rubbish as the tenant lives in a street property.

c) Above inflation increases

The rate at which service charges (and in some cases rents where these are not restricted in law) is above inflation in almost all the cases reported to SHAC. Occasionally the landlord will include an explanation, for example that 'major works' are being carried out, but often not. We have set out some examples below.

- **Hyde Housing – (Ref SKC004)** Since 2018, the residents' bills have increased as follows:

Year	Rent	Service Charge	Total	*Service Charge % increase on previous year*
2018	£406.00	£128.00	£534.00	-
2019	£421.04	£161.27	£582.31	*9.05%*
2020	£433.25	£237.39	£670.64	*15.17%*
2021	£440.18	£347.49	£787.67	*17.45%*

The reasons for these vastly above-inflation increases are unexplained and have previously been challenged by residents.

- **Hyde Housing (Ref MFC008)**The case was reported by a shared ownership leaseholder who had dwelt in a Hyde Housing street property since March 2016. The initial service charges were reasonable, and the estimates provided by the landlord at the start of the year were not wildly different to the actual costs at the end of the year. However, since then, 'Management Costs' have increased as follows:

Year	Estimated Annual Charge to Leaseholder	Actual Annual Charge to Leaseholder	% Actual to Estimated Annual Service Charge Increase
2018/19	£215.40	£436.66	102.72%
2019/20	£351.60	£1,613.81	358.99%
2020/21 (Est)	£437.04	September 2021	N/A
2021/22 (Est)	£573.24	September 2022	N/A

- **One Housing Group – (Ref ESC016)** The shared ownership resident has a 40% share on a property and pays rent on the remaining 60%. Residents have had to absorb sharp hikes both in rents and service charges in some years. This includes one service charge jump of almost 70% when inflation stood at just 2.3% that year:

	Rent			Service Charge			
Year	**Rent**	**Change on Previous Year**	**% Change in Rent**	**Annual Service Charge**	**Change on Previous Year**	**% Change in Service Charge**	**CPIH Inflation***
2020/21	£595.38	£28.35	*4.7%*	N/A	N/A	N/A	*1%*
2019/20	£567.03	£20.18	*3.5%*	£2,531.45	-£270.15	*-10.67%*	*-1.7%*
2018/19	£546.85	£23.05	*4.2%*	£2,801.60	£98.64	*3.52%*	*2.3%*
2017/18	£523.80	£13.80	*2.6%*	£2,702.96	£85.14	*3.15%*	*2.6%*
2016/17	£510.00	£8.03	*1.5%*	£2,617.82	£201.05	*7.68%*	*1%*
2015/16	£501.97	£12.24	*2.4%*	£2,416.77	£415.05	*17.17%*	*0.4%*
2014/15	£489.73	£14.73	*3%*	£2,001.72	-£218.06	*-10.89%*	*-1.5%*
2013/14	£475.00	£0.00	*0%*	£2,219.78	£1,499.79	*67.56%*	*2.3%*
2012/13	£475.00	£0.00	*0%*	£719.99	£0.00	*0%*	*2.6%*

The years that show a decline in service charge are as a result of sustained challenges by residents.

- **London & Quadrant (Ref LVC015)** Residents in a block of seven flats had a 444% increase in the cost of communal cleaning for the block over a seven-year period. The cost increased from £195 in 2013/14 to the most recent estimate of £1,053 for 2021/22.

d) Double-charging

- **Guinness Partnership (Ref JKC003)** The bill itemises 14 charges and the total bill for the block is £115,235 (2021/22). The item on the bill Estate Service Costs at £63,385.

  An accompanying note explains that estate service costs are *"the cost of maintaining the landscape and communal areas around blocks or communal gardens where this is delivered by Guinness staff"*. However, window cleaning, communal electricity, fly tipping removal, communal lifts, pest control services, fire safety, electrical testing, bin

hire, tree works and landscaping, and water safety are also shown as separate items on the bill.

e) Extortionate charges

- **Hyde Housing (Ref LBC002)** Resident of a nine-apartment block received a communal electricity charge £6,983.08 for 2021/22. The previous financial year's charge in the final bill was £37.84. The resident reporting to SHAC said *"We are a very small block of just nine flats so are shocked at the high charges. We only have a small number of lights in the hallway, an intercom system and a very small electric heater in the foyer which isn't on very often so we believe that we are being overcharged for the electricity."*

f) The need for annual challenges

- **Hyde Housing (Ref SKC004)** In 2019/20, Hyde refunded residents £1,445.69, admitting to service charge 'errors' relating to estate and block cleaning, estate and block management, grounds maintenance, and CCTV. Nonetheless, the subsequent service charge bill was even higher than the erroneous 2019 figure.

- **Clarion Housing Group (Ref JBC007)** Communal water charges are only applicable if water is provided through a communal boiler, yet in the case of this tenant, each flat has its own boiler. The tenant and their neighbour were charged for servicing of communal water facilities, challenged it, and had this charge removed. They received a letter in November 2021 confirming that it should not have been applied.

  A revised estimated bill was issued in 2021, but not only had the landlord failed to apply the refund, they had also reinstated the water hygiene management charge.

g) Difficulties getting refunds

- **Southern Housing Group (Ref MSC005)** A refund for an erroneous light repair cost in 2018/2019 was due to paid in 2020 but the accounts team failed to apply the refund. On challenging this, residents were told that *"The refund per resident would not be managed outside of the normal service charge process as it would cost SHGL* [Southern Housing Group Limited] *more to process the refund than the value of the refund itself."*

- **One Housing Group (Ref VRC010)** Over the past 8 years, residents have had to repeatedly file complaints to the One Housing Group (OHG) about major errors in the service charge accounts. In November 2020, OHG was forced to admit that it had wrongly charged resident £18,000,

Residents believe that there were two problems. Firstly, that there were duplicated invoices for same works (fire proofing works to the riser cupboards). Secondly, the fireproofing should never have been charged to residents in the first place as fireproofing the risers is a developer's duty before residents occupy the building. They should not have been charged once for this, let alone twice.

The error was only identified after repeated lobbying by residents who spent six months demanding to know why there were duplicated invoices in their accounts, and why fireproofing works were being charged to them.

Further work was done to the risers at residents' expense in the 2020/2021 financial year. However, despite a request to see the invoices as is their legal right, OHG has refused to provide the invoices.

Most recently, three separate service charge breakdowns have been provided for 2019/2020. OHG responded to resident questions by claiming they have found an error in the accounts, which requires a full investigation.

It transpired that One Housing Group exported and printed the wrong service charge accounts for 2019/2020 when they created the service charge booklets.

Although the errors have been confirmed, residents are yet to have the costs reimbursed.

h) The escalation of fire safety charges

Since the Grenfell fire, in 2018, there has been an increase in charges for fire safety services, and the introduction of a host of new fire safety items on service charge bills.

- **Hyde Housing (Ref PMC006)** The tenant and neighbour received a bill of £521.50 for fire safety contract servicing, and £123.96 for fire safety responsive repairs across both properties,

The tenant expressed bafflement at this charge. No new work or service is being provided. The tenant said that *"it is possible that* [the charge] *refers to the heat and smoke detectors installed 2 years ago. Occasionally we get an unannounced visit from a worker asking to test the battery-operated detector in the tiny communal hallway. He checks that it is still working then leaves. The whole operation lasts less than 5 minutes, yet the charge for this service is £322.76".*

i) Failure to supply service charge breakdown

- **Hyde Housing (Ref MFC008)**In 2018, Hyde introduced changes to 'simplify' service charge calculation. This was when the first problems occurred. Hyde's failed to provide full accounts for costs upon request. A complaint was made and the complainants eventually received a response from Hyde, but this didn't include a breakdown. The

same failure to produce accounts has been repeated every year since.

j) Inconsistent excuses

- **Ability Housing (Ref KGC009)** The tenant found that their bill contained an amount for 'Servicing of Specialist Equipment' on their bill. This had been charged at £39.24 per annum on their 2020/21 bill, zero in 1019/20, and £34.20 in 2018/19. The charge has therefore jumped 12.8% in two years.

  On being challenged to clarify what the category included, the landlord responded *"In regard to the charge under Servicing of Specialist Equipment, this is to cover the servicing and maintaining of the Fire & Smoke detection equipment and is for the prevention of fire cover all of* [the estate] *and therefore costs for this service are charged to all tenants"* [sic].

  The response does not explain if this is a new service or whether it was being provided before, and if so, whether it was incorporated under general repairs. Nor does Ability explain the missing year (2019/20).

  However, the validity of this item has changed three times in as many years, as the tenant explains: *"The 'servicing of special equipment' has always been there. It has been explained as decorating our stairwell, then the supply of hot water (we have an electric water heater running of our electricity, never serviced) then a fire alarm."*

k) Service charges to circumvent rent controls

- **Metropolitan Thames Valley (Ref MGC011)** The tenant lives in a property that is heated by its own air source system. A charge of £225 per annum for the servicing of the system was suddenly added to the tenant's service charge bill in 2016. This item alone makes up over half of the tenant's service charge bill. The charge was introduced in the same year that Government introduced a rent cap for social housing and the tenant believes that the item was added to compensate the landlord for being unable to increase rent as much as they would have liked.

7. Complaints to the Housing Ombudsman

When the *Charter for Social Housing Residents: Social Housing White Paper* was published in November 2020, it included an acknowledgement by Government that tenants and residents faced structural barriers when attempting to seek redress for issues with their housing association landlords. The White Paper noted:

> *"We are clear that residents should be able to raise concerns without fear and get swift and effective resolution when they do. We heard from some residents that making a complaint can be difficult and take too long – and that it can sometimes take months for the complaint to be resolved, or for the resident to be able to access the Housing Ombudsman."*

Even when a complaint had exhausted the landlord's own procedure, tenants and residents faced a further set of hurdles getting independent support through Ombudsman service. Government also recognised that the system has unjustifiable barriers for tenants and residents:

> *"Currently, social housing residents who want to formally escalate unresolved complaints to the Housing Ombudsman face additional hurdles compared to consumers accessing other redress schemes. Residents have to raise their issue with a Member of Parliament, a local councillor or a designated tenant panel who will, if appropriate, refer it to the Housing Ombudsman (a step known as the 'democratic filter'), or wait eight weeks from the landlord's complaint process ending.*
>
> *It is clear that the 'democratic filter' delays formal resolution of complaints and may put people off seeking redress altogether – particularly those who are vulnerable or feel less confident in navigating the process. We heard about the problems this creates for people living in social housing."*
>
> The Charter for Social Housing Residents: Social Housing White Paper

The White Paper also acknowledged that too many tenants and residents were not aware of the Ombudsman service, and that when complaints were made to the organisation, they took twice as long to reach a conclusion than was considered reasonable. As a result, the White Paper recommends a series of measures to address these weaknesses and delays.

For the purposes of this report, the low level of complaints to the Ombudsman or the First Tier Tribunal (Residential Property) services should not be taken as a proxy indicator of actual levels of dissatisfaction amongst housing association tenants and residents, but rather, as indicative of the difficulties getting a case reviewed by the Ombudsman. Once again we would stress that these cases represent the tip of the iceberg.

8. A Sample of Ombudsman's Findings

The Housing Ombudsman Service adjudicates on complaints about landlords (see Appendix I for more details). It has begun publishing data on its 'determinations' (findings) and the cases listed below are a sample drawn from the Ombudsman's 2019/20 dataset.

In 2019/20, the Ombudsman service received just over 16,000 complaints across all categories of landlord (housing association, council, and private).

On average, 6% of cases during this time included service charges as one of the presenting issues. Any association with service charge complaints comprising more than 6% of its total is therefore receiving more than the average percentage of complaints on this aspect.

The term 'maladministration' includes findings of 'Maladministration', 'Partial Maladministration', or 'Severe Maladministration' by the Ombudsman.

- **Metropolitan Thames Valley -** There were 220 complaints to the Ombudsman regarding MTV. Of these, 13 (6%) related to service charges in 2019/20. Although this was in line with national averages, it represented twice as many as the previous year. MTV was found guilty of maladministration in 8 of the 22 cases which had reached a conclusion during the year.

- **Hyde Housing** - There were 231 complaints to the Ombudsman regarding Hyde. Of these, 33 (14%, more than twice the national average) related to service charges in 2019/20. This figure was also double that of the previous year (15 cases in 2018/19). It was found guilty of maladministration in 13 of the 27 cases within the Ombudsman's jurisdiction which reached a conclusion during the year.

- **Guinness Partnership** - There were 113 complaints to the Ombudsman regarding Guinness. Of these, 12 (11%, almost twice the national average) related to service charges in 2019/20. This figure was also a significant jump on the previous year (7 cases in 2018/19). It was found guilty of maladministration in 8 of the 25 cases within the Ombudsman's jurisdiction which reached a conclusion during the year.

- **Clarion Housing Group** - There were 672 complaints to the Ombudsman regarding Clarion. Of these, 57 (8%) related to service charges in 2019/20, up from 45 (7%) the previous year. It was found guilty of maladministration in 53 (more than half) of the 94 cases within the Ombudsman's jurisdiction which reached a conclusion during the year.

- **One Housing Group** - There were 103 complaints to the Ombudsman regarding One Housing. Of these, 9 (9%) related to service charges in 2019/20, up from 5 (7%) the previous year. It was found guilty of maladministration in 8 of the 18 cases within the Ombudsman's jurisdiction which reached a conclusion during the year.

The review of cases showed that the number of complaints to the Ombudsman relating to service charging is growing, and this category of complaint as a proportion of all complaints is increasing.

9. First-Tier Tribunal Property Chamber (Residential Property)

A review of cases which reached the Tribunal courts supports SHAC findings on service charges. One case in particular captures a range of issues that SHAC members complain of.

In August 2020, Irwell Valley Homes attempted to pursue two tenants through the courts as they had refused to pay some of their service charges[6]. The two tenants defended non-payment

[6] Case Reference : MAN/00BU/LSC/2019/0096
https://assets.publishing.service.gov.uk/media/5f9fdd13e90e07041299b9b7/76_Lingfield_Road.pdf

on the basis that there was a mismatch between the bills and the actual charges in the accounts, that they had been charged for services that weren't being provided, and that when they made enquiries to establish whether the charges had been correctly calculated, they were not given appropriate information.

Further, even where documentary evidence was provided it was "*sparse and without a clear breakdown of how charges across large numbers of properties are apportioned to individual properties"*. The tenants also believed that *"the variable service charge in their contract is just an income enhancement for the [landlord] to charge separately for what was formerly within the rent."*

The judge's findings were damning, concluded that the Tribunal *"could not even make a calculated assessment of what the cost should be"* because the information provided by the landlord was poor and incomplete. The judge also criticised the landlord for *"expecting the Tribunal to do its work for it in justifying the charges levied."*

When attempting to decide on cleaning costs, the Judge reported asking himself *"what are the annual amounts in either year for communal cleaning and window cleaning and how are they then apportioned to produce the amounts levied* [by the landlord]*?"*. He concluded that the court *"makes so bold as to suggest it cannot tell"*.

The Tribunal disallowed two years' worth of service charges for the tenants concerned, but those who paid their service charges without question are unlikely to have received rebates, nor did the court order any.

The Tribunal case review also underlines the fact that there is often very little meaningful sanction against a housing association for abuse of the service charging system. If a tenant or resident successfully clears all the hurdles and manages to get a case list in court, the association can just admit the error and promise to repay the 'erroneous' charge.

In a second case, this time against Clarion Housing Group in 2021[7], the landlord did exactly that, accepting that *"charges for Rubbish clearance, Fire protection, Playground maintenance, Aerial maintenance and Estate refuse collection should not have been made"* and promised that *"the resultant costs have been adjusted"*, although this adjustment might only have been applied to the complainant, and not the whole estate.

Clarion appears to make a habit of waiting to see whether the tenant manages to get all the way to Tribunal before admitting an error. In a previous case listed in 2019[8], Clarion had already been taken to Tribunal on a number of service charge issues, including an attempt to increase the management fee from £75 per annum to £185 per annum. However, prior to the hearing Clarion acknowledged its 'error' and reduced the fee down to the original amount.

[7] Case Reference: CHI/00MS/LSC/2020/0048
https://assets.publishing.service.gov.uk/media/603691448fa8f5480e38baec/17_Feb_2021_46_Redcote_Close_Southampton_S27A.pdf

[8] Case Reference: BIR/00CN/LIS/2018/0066
https://assets.publishing.service.gov.uk/media/5ca6059ded915d0c562b4fc7/B192NR_BIR_00CN_LIS_2018_0066_decision.pdf

It is not just erroneous charges but extortionate costs that reach the courts, and occasionally a combination of both. In the case of Navigation Court leaseholders v One Housing Group[9] from 2014, the court found that *electricity and employment costs were arbitrary, disproportionate and or unreasonably high; and services such as security, CCTV, landscaping and garden maintenance were not delivered".*

These cases support SHAC's findings, and underscore the arrogance of landlords, who appear unconcerned with ensuring that their charges to tenants and residents are accurate and justifiable, even when ordered to do so in a court of law.

SECTION THREE: SUMMARY AND CONCLUSION

10. Conclusion

This report has identified serious failings by housing association landlords relating to service charges:

- Invoices or bills not provided within a reasonable timescale, and in some cases not at all;
- Incorrectly apportioned costs;
- Extortionate charges;
- Service charge increases vastly outstripping inflation;
- Charges for services which have not (and in some cases could not) be delivered;
- Charges for intensive housing management applied to general needs properties;
- Errors addressed in one year reappearing the next;
- No refunds for errors even when the error is admitted; and
- Promised refunds never processed.

The evidence provided shows that addressing these issues can no longer be considered a matter for individual tenants and residents. The problems are systemic, widespread, and persistent. The mechanisms for addressing the problems individually or even at estate level are wholly inadequate.

There needs to be high level action taken to end the abuse of service charging. There must be stronger legislation to protect tenants and residents, and greater access to justice without unnecessary barriers. Regulatory and remedial institutions need to have greater power to force changes in recording systems to make sure that they are transparent, as well as issuing rapid refunds where errors are identified.

We plan to use this report to help achieve these changes.

[9] Case Reference: UT Neutral citation number: [2014] UKUT 0330 (LC) / UTLC Case Number: LRX/79/2013 https://www.casemine.com/judgement/uk/5a8ff85e60d03e7f57ebedf8

APPENDIX: SOURCES

- **Casemine**

  UK Case Law Mapping Service https://www.casemine.com/

- **First Tier Tribunal (Residential Property)**

  A specialised court handling applications, appeals and references relating to disputes over property and land. https://www.gov.uk/courts-tribunals/first-tier-tribunal-property-chamber

- **First Tier Tribunal (Residential Property) decisions**

  https://www.gov.uk/residential-property-tribunal-decisions

- **Housing Ombudsman**

  Set up by law to look at complaints against landlords registered with the scheme. Registration is compulsory for social landlords (primarily housing associations who are or have been registered with the Regulator of Social Housing) and local authorities. Some private landlords have also registered on a voluntary basis. https://www.housing-ombudsman.org.uk/

- **Housing Ombudsman's determinations on individual landlords**
  https://www.housing-ombudsman.org.uk/landlords/

- **Housing Quality Network**

  Set up in 1997 to help organisations respond to the challenges of compulsory competitive tendering. Now focusing on changing needs within the housing sector. https://hqnetwork.co.uk/

- **Regulator of Social Housing**

  The Regulator of Social Housing regulates registered providers of social housing to promote a viable, efficient and well-governed social housing sector able to deliver homes that meet a range of needs. It is an executive non-departmental public body, sponsored by the Ministry of Housing, Communities & Local Government.

- **Regulator of Social Housing Global Accounts**

  https://www.gov.uk/government/publications/2019-global-accounts-of-private-registered-providers