



**The Social Housing Action Campaign**

# **Housing Association Service Charge Issues and Impact Initial Findings**

**January 2023**

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### 1. Introduction

In August 2022, SHAC began to survey members to capture the range of problems they experience with service charges, and the impact on their physical, emotional, and financial well-being.

Our aim is to show the extent of service charge abuse by housing associations.

This report summarises findings from the first 300 responses, with thanks to all those who have taken the time to complete our brief, confidential questionnaire.

The survey [remains open](#) and a final report will be published later in the year.

The survey was made accessible through our website and mailings using an embedded SurveyMonkey form.

The questions were based on findings from our qualitative survey on [Service Charge Abuse](#) which delved into multiple cases and mapped some of the many different ways in which this specific form of financial abuse occurs.

### 2. Context

Housing associations provide homes and support for almost six million people around England. Not all are in social rented or affordable rented homes. Other tenures include shared ownership, homes to rent and buy at market rates, sometimes as leaseholders, and some supported and specialist housing<sup>1</sup>.

Housing associations are landlords to around 2.4 million households on social and affordable rent tenancies, and approximately 300,000 households on other tenancy types.<sup>2</sup>

A proportion of housing association tenants and residents pay service charges as an additional payment, otherwise service costs are incorporated into rents.

In total, housing associations receive approximately £1.5 billion in service charge payments annually (where these are separated from rents)<sup>3</sup>. Some of this is paid directly by tenants and residents, while Universal Credit (Housing Benefit element) cover payments for the remainder.

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<sup>1</sup> National Housing Federation – accessed 30 June 2022  
<https://www.housing.org.uk/about-housing-associations/what-housing-associations-do/>

<sup>2</sup> Regulator of Social Housing – 14 December 2021  
<https://www.gov.uk/government/publications/2021-global-accounts-of-private-registered-providers>

<sup>3</sup> Regulator of Social Housing – 14 December 2021  
<https://www.gov.uk/government/publications/2021-global-accounts-of-private-registered-providers>

There is no government cap on the amount that can be levied through service charges, or the level of annual rises. The legislation<sup>4</sup> only requires charges to be 'reasonably incurred, and incurred on services or works of a reasonable standard'<sup>5</sup>.

Some tenants and residents scrutinise their service charge statements, and where inaccuracies are identified, challenge their landlord to make corrections.

As far as we are aware, there is no equivalent system of scrutiny where these payments are made through the welfare system.

As the report demonstrates, the process of scrutiny and challenge is fraught and arduous, and it takes a huge time commitment to overcome the constant resistance of landlords. There is no capacity within the welfare benefits system to undertake this process in relation to all the service charge payments processed.

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<sup>4</sup> Shelter – 27 October 2021  
[https://england.shelter.org.uk/professional\\_resources/legal/home\\_ownership/service\\_charges/statutory\\_rules\\_for\\_service\\_charges#title-0](https://england.shelter.org.uk/professional_resources/legal/home_ownership/service_charges/statutory_rules_for_service_charges#title-0)

<sup>5</sup> Landlord and Tenant Act 1985

### 3. Executive Summary

The initial findings from responses collected in the first four months since the survey launched show that:

- a) Around 96% of respondents said had experienced problems with service charges – a damning indictment of the way that housing associations are managing their service charging.
- b) The vast majority of respondents considered their service charges to be too high (just over 80%), closely followed by complaints that the charges are unexplained, unclear, or vague (79%). An almost equal number had been charged for services they had not received (78%).
- c) Around half of all respondents were charged for services that didn't apply, for example lift maintenance even though their property had no lift. A similar proportion found that their landlord had incorrectly apportioned costs.
- d) Around two thirds had difficulty getting hold of invoice packs, and more than 20% found it difficult to get them in an accessible format. The latter finding suggests that housing association landlords are regularly in breach of the Equality Act 2010.

*“Living in an NHG shared ownership property has probably shortened my life. They are just horrible to deal with and NEVER deal with the fact that our apportionments are all wrong.”*

- e) The greatest impact experienced by victims of service charge abuse is the damage it causes to mental health. More than 80% of tenants and residents suffered mental health problems as a result of their battles with landlords over charges.
- f) The abuse can however impact on every area of life, with the stress and distraction causing relationship problems (15%), financial problems (25%), and an intensification of physical ill-health (20%).
- g) Housing associations were roundly condemned as 'terrible' at making the process for challenging inaccuracies easy and effective (80% of respondents).
- h) Around one third of respondents pay more than £2,500 per annum in service charges; the largest cohort of respondents. The £1,500 to £2,000 per annum category was also quite high at 20%.
- i) Around one quarter of respondents had increases between 1% and 10%, although a further fifth had paid 20% more in 2022 than in the previous year. Shockingly, just under 5% of respondents found their service charges doubling in a single year.

### 4. Data and Findings

#### a) Service Charge Problems

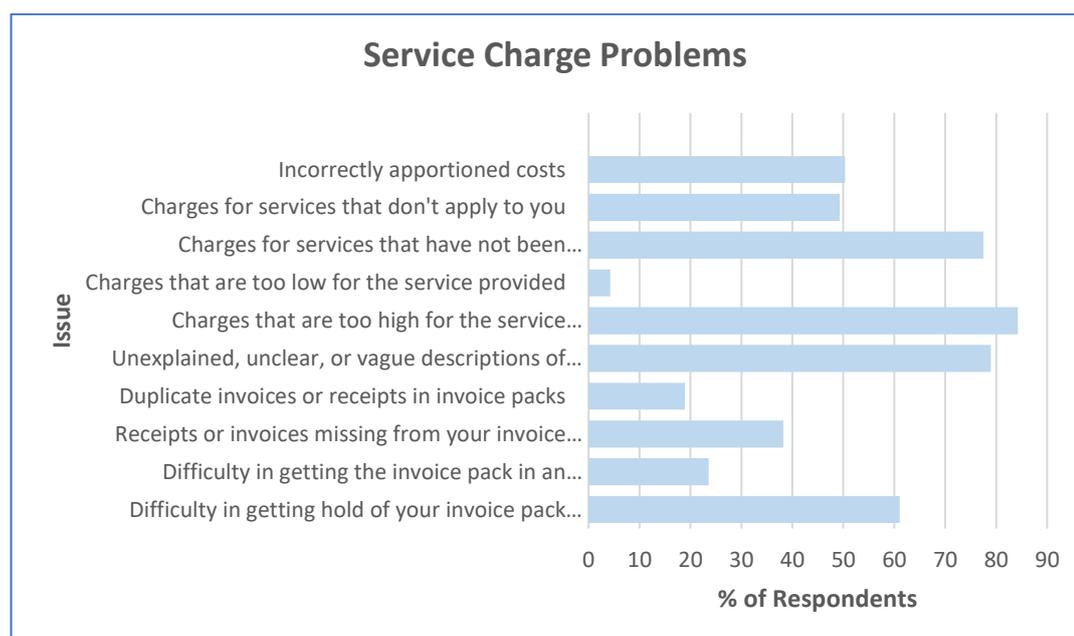
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The vast majority of respondents considered their service charges to be too high (just over 80%), closely followed by complaints that the charges are unexplained, unclear, or vague (79%). An almost equal number had been charged for services they had not received (78%).

Around half of all respondents were charged for services that didn't apply. A similar proportion found that their landlord had incorrectly apportioned costs. These two categories differ. Incorrectly apportioned costs are cases where the landlord has made an error in a formula for calculating costs. For example, a landlord replacing a communal carpet will typically divide the cost equally across the number of flats in the block. If the landlord makes an error in counting the number of flats, the costs to each individual can end up too high. Charges for services that don't apply would include for example lift maintenance even though the property has no lift.

Around two thirds had difficulty getting hold of invoice packs, and more than 20% complained that they found it difficult to get them in an accessible format. The latter finding suggests that housing association landlords are regularly in breach of the Equality Act 2010.

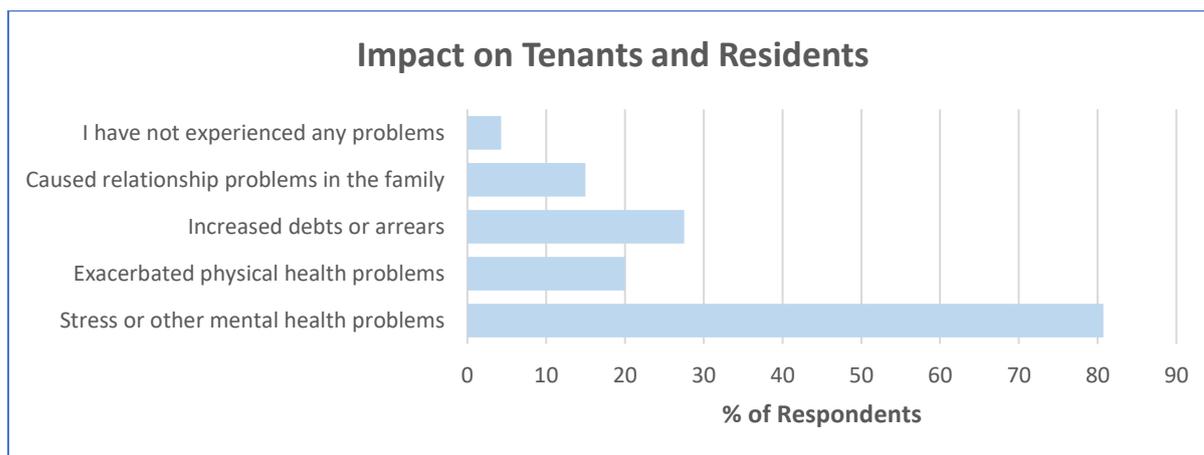
With housing associations collecting over £1.5 billion in service charges annually, the extent of abuse extrapolated from this survey is staggering, even on the basis of more objective measures such as duplicate invoices, incorrectly apportioned costs, and charges for services not delivered.



### b) Impact

Service charge abuse can impact on every area of life, with the stress and distraction causing relationship problems (15%), financial problems (25%), and an intensification of physical problems (20%).

By far the greatest impact is the finding that more than 80% of tenants and residents reported stress, anxiety, and depression as a direct result of dealing with housing association service charges.



These findings are painfully borne out in the free text section next to the question on impact.

In their own words, respondents told us that there was a disproportionate impact on disabled tenants and residents, as captured by one respondent who said:

*“I have a disability Autism this sudden unexpected change has caused me significant alarm and distress I cannot sign my new tenancy until this dispute is settled as the correct fees need to go on the new tenancy agreement”*

The utter frustration and stress caused by the constant battle just to get accurate service charges – which should be no battle at all – was the subject of many comments. This included a belief that the difficulties created are deliberate rather than resulting from oversight or incompetence. For example:

*“Exasperating. It feels the intention is to wear tenants down. Also frustration with lengthy delay in responses, and lack of information and where to go about finding information and who to ask...”*

*“Generally very frustrated at having to waste a considerable amount of time on these issues”.*

*“Huge stress. It's a full-time job, of course on top of other job that I need in order to actually pay for cost of living crisis!”*

*“We are constantly ignored and shut down about the issues and services we are not receiving. Any uproar is met with threats.”*

*“Worn down by the constant battle with Riverside over repairs and services.”*

The injustice of the way that service charge abuse is tolerated by the landlord establishment was highlighted:

*“It is a matter of principle. It is criminal to charge for services that are not being delivered.”*

One of the issues regularly highlighted by SHAC members is that shared owners and leaseholders are unable to sell their properties when charges are high. This causes real and tangible disruption to people's lives:

*“We are stuck and not able to sale, the flat is in good condition but the service charge is too high, residents on the private dwellings have a cheaper service charge and also have access to extra service, so buyers run away.”*

The physical, mental, and relationship toll is not just a set of statistics. It is a tale of misery and devastation for the victims:

*“Living in an NHG shared ownership property has probably shortened my life. They are just horrible to deal with and NEVER deal with the fact that our apportionments are all wrong.”*

*“My ex and I broke up over it as it caused constant arguments.”*

The amount of unpaid time that people have to waste challenging landlords for information or remedy is a further injustice on top of the financial abuse:

*“As a secretary to a TRA it takes many hundreds of hours - all unpaid - that would be unnecessary if Hyde got things right, did not deny anything was wrong and engaged to resolve things.*

*“I have spent years fighting the service charge accounts and have had some success but it is hard work and very frustrating”*

These comments are typical and widely felt.

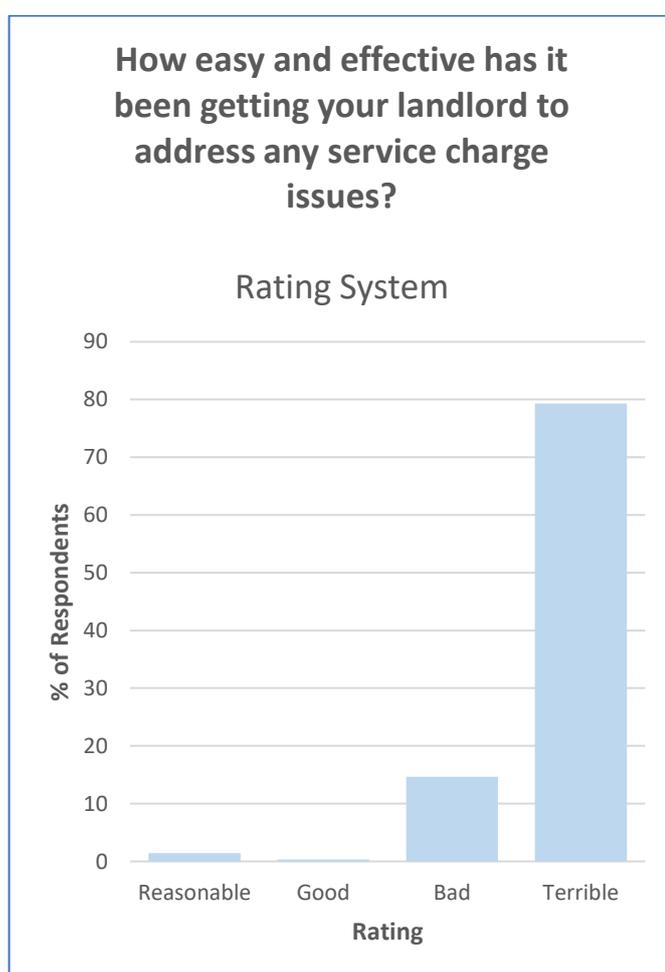
**c) Addressing Service Charge Issues**

Respondents were asked to rate how easy and effective it was to get their service charge issues addressed by the landlords.

Five ratings were offered in total: *Excellent*, *Reasonable*, *Good*, *Bad*, and *Terrible*.

None of our respondents selected '*Excellent*'.

The distribution across the remaining categories showed that around 80% of landlords were condemned as *Terrible* at making the process for challenging inaccuracies easy and effective. *Good* and *Reasonable* ratings only received tiny response rates, with *Bad* at 12%.



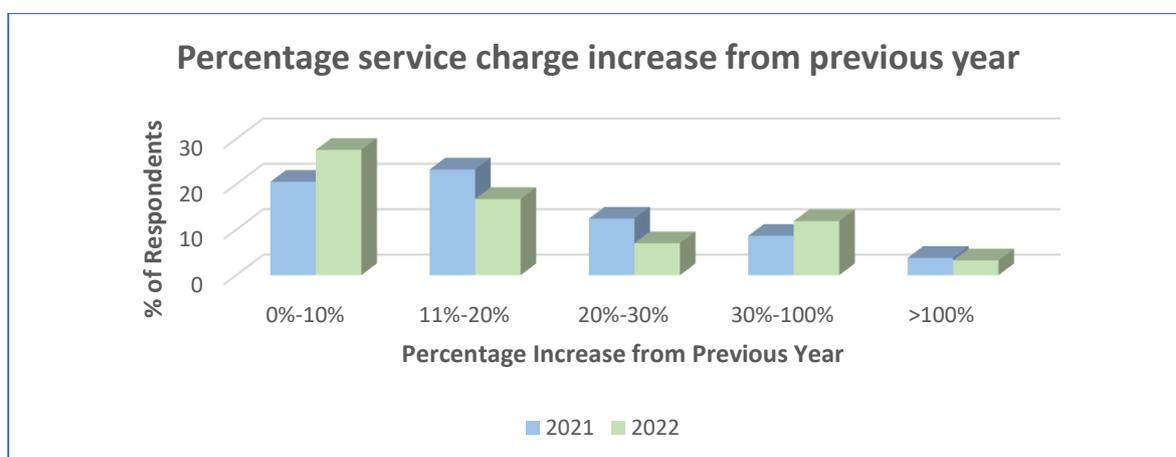
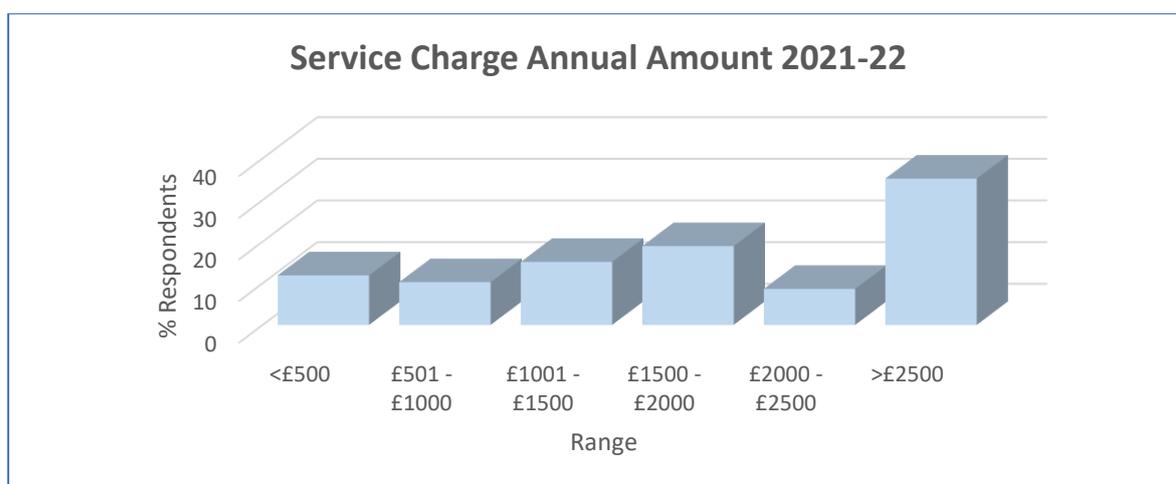
### d) Service Charge Levels and Increases

The final aspect that we reviewed through the survey was the levels of service charge and the extent of increases. Service charges had increased for around 64% of respondents between 2020-21 and 2021-22. The remaining 36% reported either no increase or in some cases a small drop.

Around one third of respondents pay more than £2,500 per annum in service charges; the largest cohort of respondents. The £1,500 to £2,000 per annum category was also quite high at 20%. At these levels, it is little wonder that service charge increases between years is a concern for tenants and residents.

Around two thirds of respondents experienced some level of service charge increase between 2021 and 2022.

Around one quarter of respondents had increases between 1% and 10%, although a further fifth had paid 20% more in 2022 than in the previous year. Shockingly, just under 5% of respondents found their service charges doubling in a single year.



5. Respondent Profile

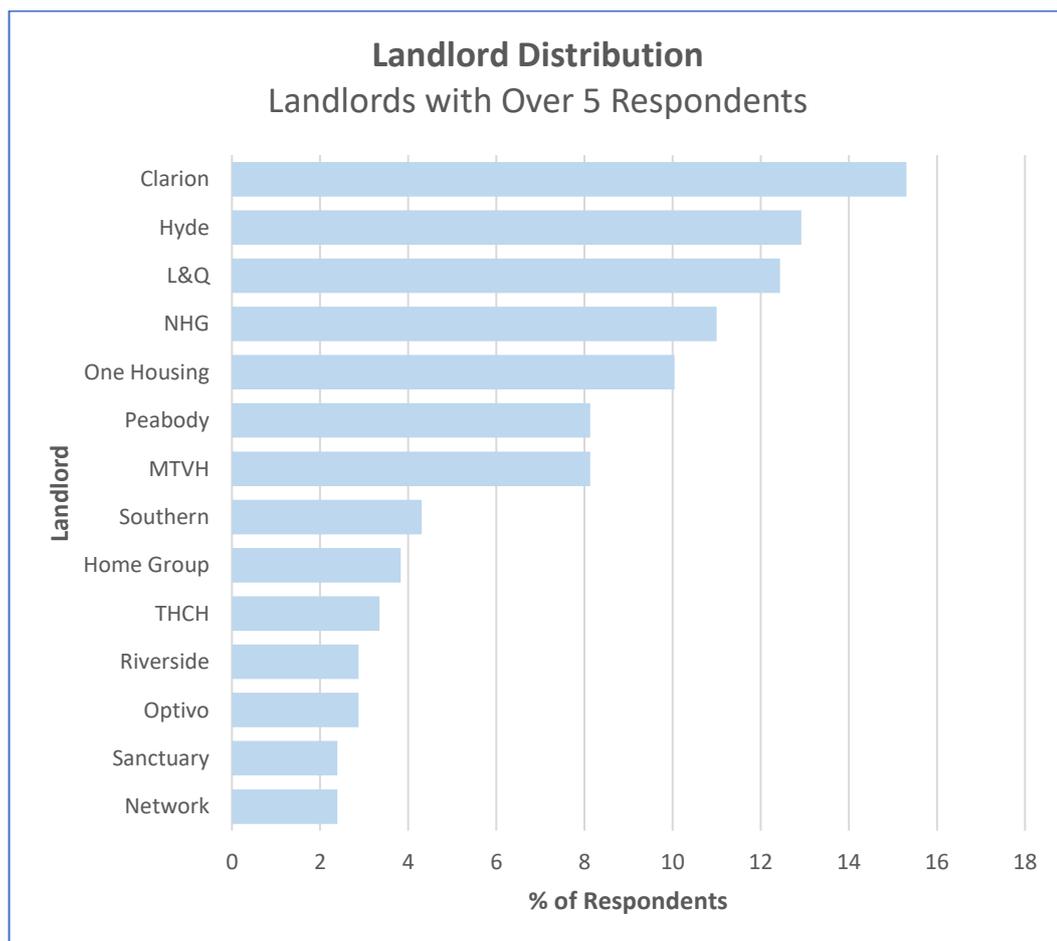
e) Disability

Around 26% of respondents said that they are disabled, higher than the national average which is currently around 22%.

f) Landlord

Clarion was the landlord most represented in the survey (17%), which is not surprising given its status as Europe's largest housing association.

Hyde and L&Q followed closely on Clarion's heels, both with just over 12% of respondents in their homes. This triangulates with SHAC's complaints data as we receive a high volume of complaints about the service charging practices of both landlords.



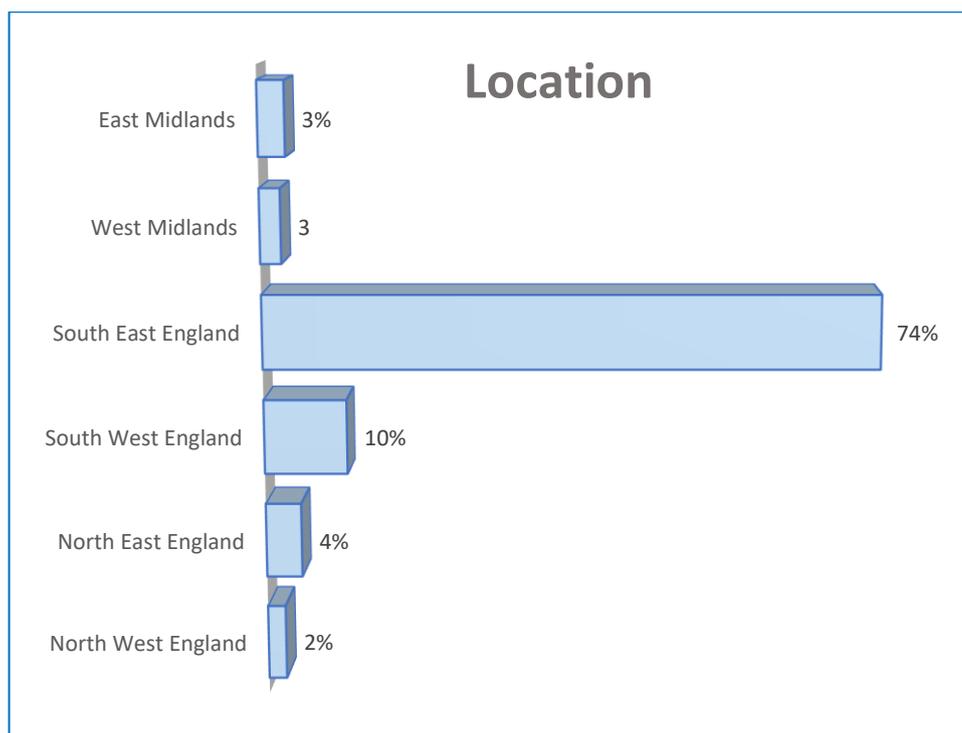
The table only shows distribution where more than 5 respondents were from the same landlord.

**g) Location**

The geographical distribution showed a considerable bias towards the South East (75%), where housing and other costs are generally higher.

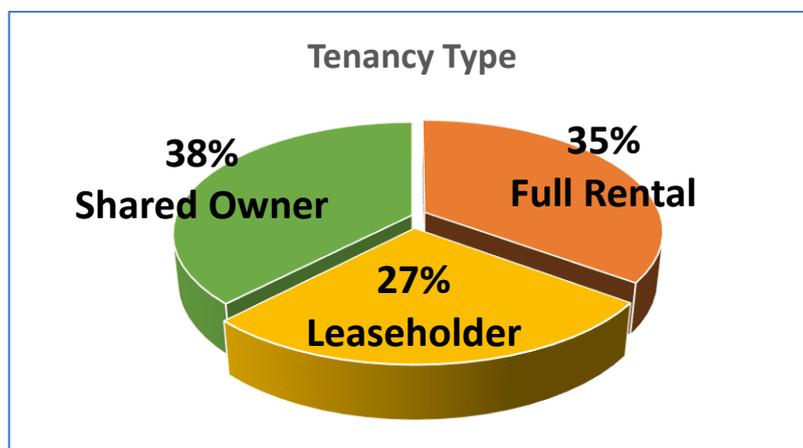
A further 10% of respondents were located in the South West.

There were no respondents from Wales or Northern Ireland, and just one from Scotland.



**h) Tenancy Type**

The spread of respondents across tenancy types was fairly consistent at around one third each.



### 6. Conclusion

Our survey exposes the devastating impact that can be caused when landlords consistently overcharge for services, and then make it extremely difficult for tenants and residents to have inaccuracies rectified.

It is our view that government should legislate and actively regulate service charging much more robustly.

New laws are needed to ensure that landlords must:

- a) Externally audit service charge systems using an accredited organisation.
- b) Externally audit service contract management and procurement processes, and where a sub-contractor repeatedly submits inaccurate invoices, the contract is terminated.
- c) Improve access to service charge invoice packs, making it a requirement that these are provided in alternative formats if requested.
- d) Hire sufficient numbers of permanent staff in their service charge teams, with team size proportionate to the number of service-chargeable properties they manage. There must also be a team of dedicated staff for resolving inaccuracies.
- e) Provide tenants and residents who identify inaccuracies with the facility to speak directly with service charge resolution staff. They should be given a named contact who is leading on resolving their complaint, with a personalised phone and email address for contacting them.
- f) Provide tenants and residents with an automatic, legal right to compensation if it is found that there are unacceptable and unreasonable errors in service charges.
- g) Publish tenant and resident rates of satisfaction with service charges.
- h) Impose substantial, meaningful fines on landlords who fail to meet targets, with compensation to those affected.
- i) Provide much better access to justice so that victims can find Legal Aid lawyers to take on their cases, and are not left to wait months or years for redress.

It is clear even from our initial findings that government cannot leave service charging in its current state. Namely, being an almost completely unregulated area of landlord operation despite the fact that housing associations collect millions of pounds of revenue through this process.

The cost is not just to individual households, but to the taxpayer in unjustified payments through the welfare benefits system.

With a growing number of tenants and residents choosing to withhold service charge payments where they consider them unreasonable or inaccurate, it is also clear that if government does not act to address the scandal of service charge abuse, tenants and residents will take matters into their own hands.

SHAC

January 2023

## Appendix - A Unique Online Service for Tenants and Residents

The survey is part of our campaign to end service charge abuse by housing associations and will provide data for the media and lobbying.

As part of the campaign, we've created a free tool to help affected residents request a summary of their service charges. The platform created by our partners, social justice campaigners FindOthers, includes a tool to 'Request a Service Charge Breakdown'.

The platform removes a lot of drudgery from the process by providing pre-set letters to which users can add their contact details and landlord name. The service is programmed with the contact email addresses of most housing associations.

**END SERVICE CHARGE ABUSE**  
[www.findothers.com/servicecharges](http://www.findothers.com/servicecharges)

**FIND OTHERS** X **SHAC**  
Social Housing Action Campaign

### Housing Association Service Charges

And how Find Others plans to end service charge abuse

**What's the issue?**

Housing associations are not-for-profit organisations set up to provide affordable homes and support local communities. The residents that live in these properties are often charged monthly service fees to cover the cost of maintaining the building and communal areas. In stark contrast to their charitable aims, there are consistent and frequent reports of residents being grossly overcharged by housing associations for these services, which falls on the individuals affected to investigate and act. We don't think this is acceptable.

**Request a breakdown of your service charges**

Quickly and easily request a breakdown of your service charges using our free tool. We'll then stay in contact with you throughout the process to monitor how the housing association performs.

[Request your service charge summary](#)

**SHAC X FindOthers End Service Charge Abuse Campaign**