

July 2023

# END SERVICE CHARGE ABUSE

Data analysis of Section 21 & Section 22 request tool provided by Find Others, in partnership with SHAC.



# TABLE OF CONTENTS

- 01** Introduction
- 02** Testimonies
- 03** Section 21/22 Request Tool
- 04** Data Analysis
- 05** Conclusion

# INTRODUCTION

## What is Find Others?

As individuals, it is very difficult to take on big organisations and win. The odds are not in your favour. But when we unite with others in the same situation, we have a much greater chance of obtaining justice.

Created by tech for good entrepreneurs, Find Others aims to create a fairer society by giving people the ability to launch online campaigns and build powerful action groups to hold organisations accountable when they cause harm.

Seed funded by the Solicitors Regulation Authority, Find Others seeks to address the justice gap for victims of everyday harm.

## End Service Charge Abuse Campaign

In late 2022, Find Others launched an awareness campaign in partnership with SHAC to call an end to service charge abuse by housing associations.

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 incorrectly charged by housing associations for these services, sometimes in the region of hundreds of thousands of pounds. This miscarriage of justice falls on the individuals affected to investigate and act. We don't think this is acceptable.

As part of the campaign, we created a free tool to help affected residents make section 21 and 22 requests for a summary of their service charges for the past 12 months, in line with their rights under the Landlord and Tenant Act 1985. With resident's help, we began tracking and identifying the housing associations that comply with their legal obligations and the culprits of service charge abuse.

# TESTIMONIES

## Michael, Optivo Resident

I first started looking at the service charge accounts in 2015 when I noticed that we were being charged for personal gas supply totalling some £23,000. This led to us reviewing other charges that were suspicious and eventually led to refunds totalling over £318,000 and reductions of a further £109,000 in the charges for 2017-18.

There is also a further £180,000 that I believe has been overcharged due to the hopeless mismanagement of the building by the current landlords. The economy is very tough for everyone now and housing associations and other landlords should be helping not raiding peoples bank accounts with excessive and incorrect service charges.

## Rep from the India House Security Panel, The Guinness Partnership Residents

We feel that the government has to stop the abuse of service charges across the board. Everyone should have transparent accounts and be able to challenge charges. We have previously had an experience with the Guinness Partnership where we found anomalies in our service charge accounts. Once the accounts were audited, tens of thousands of pounds were credited. We are in the same position years later.

***"Unjustifiable exponential service charges. My monthly charges over 5 years have risen from £79, £105, £147.69, £170.15 , £303.68. I wrote many letters but communication is slow, accounts are not transparent, services provided are of poor quality, overcharging for gardening we don't even have any. I am under enormous mental stress - I am a full-time working single mum and I am afraid of losing my house as it is becoming more and more unaffordable."***

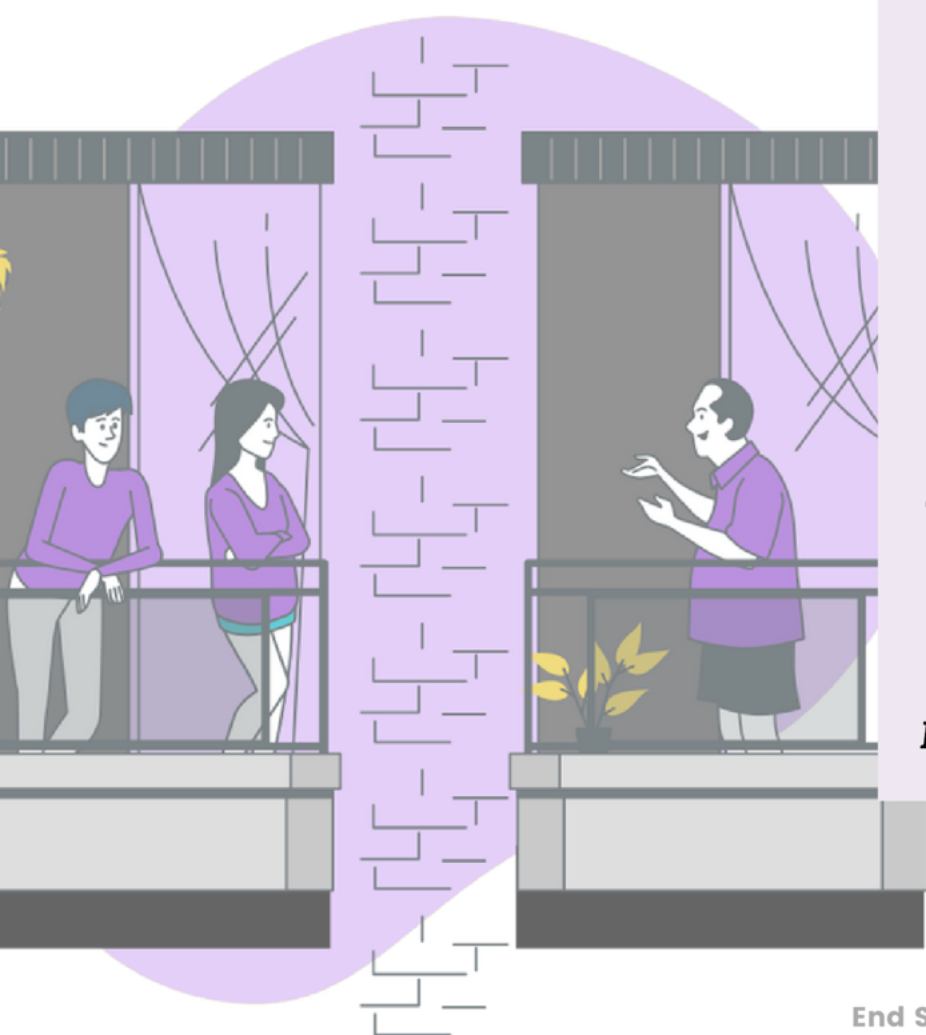
***Andreia, Resident***

### John, One Housing Group Resident

I live in a 28 flat "estate" and over the last 3 years each flat has been overcharged on average per flat per annum £1,000. We also successfully challenged a charge of £210,000 for a communal boiler installation in 2021. I believe that the landlord has been historically overcharging because its financial management has been so poor.

### Steve, One Housing Resident

In 2018, in our building alone we were grossly overcharged tens of thousands for various issues and only received a £12k rebate. In 2019, OHG failed to provide us with accurate bookkeeping records, which is now 4 years overdue although legally they are obliged to do so. In 2021 there were 53 missing original suppliers invoices, total value in dispute is £57,000. The budget for 2023/24 has disproportionate increases of some services, e.g gardens and grounds maintenance has increased by 168%, and internal cleaning by 151%. OHG refused our request for a review of the budget, and claimed the increases are 'reasonable'. I have repeatedly provided evidence that shows 'errors' in their accounting, and they largely refuse to credit any money back to residents.



***"I would urge everyone to study their service charge statements and launch challenges wherever possible. Our experience shows that they are certainly not always right and there are massive overcharges coming out of your pocket."***

**Michael, Optivo Resident**

# SECTION 21/22 REQUEST TOOL

## What are Section 21 & 22 Requests?

Under the Landlord and Tenant Act 1985, residents have a right to request information that relates to their service charges. The first request is called a section 21 and covers a summary of their charges. Residents can then follow-up this request with a section 22, which requests their landlord provide the supporting accounts and invoices related to those charges, so the resident can inspect them for accuracy.

The below information is provided by the [Leasehold Advisory Service](#):

### Summary of service charges accounts (section 21 of the Landlord and Tenant Act 1985)

Leaseholders, or the secretary of a recognised tenants' association, have a legal right to ask the landlord for a summary of the service charge account. The request must be in writing and can be sent directly to the landlord or to the managing agent. It can ask for a summary of the relevant costs relating to the service charges for the last accounting year or, if accounts are not kept by accounting years, the past 12 months.

If a landlord receives a request for a summary of the service charge account, they must provide it within one month (or within six months of the end of the 12-month accounting period, whichever is later).

#### The summary should show:

- how the costs relate to the service charge demand, or that they will be included in a later demand (if this applies);
- any items which the landlord did not receive a bill for during the accounting period;
- any items which the landlord received a bill for but which they didn't pay during the accounting period;
- any items which the landlord received a bill for and which they paid during the accounting period; and
- whether any of the costs relate to work for which an improvement grant has been or will be paid.

If the service charge must be paid by the leaseholders of more than four homes, the summary must be certified by a qualified accountant as a fair summary and the landlord must give the accountant adequate accounts, receipts and other documents to support this. If the landlord is a local authority one of their officers who is a qualified accountant may certify the summary, but in all other cases, the accountant must be independent of the landlord.

### **Rights to information (inspecting accounts and receipts) (section 22 of the Landlord and Tenant Act 1985)**

Leaseholders also have the right to inspect documents relating to the service charge to provide more detail on the summary. Within six months of receiving the summary, leaseholders (or the secretary of a recognised tenants' association) can write to the landlord to ask if they can access and inspect the accounts, receipts and any other documents that are relevant to the service charge information in the summary and to ask them to provide facilities to copy these.

The above right applies even if the summary was provided as end-of-year statement of account, rather than in response to a formal request for a summary under section 21 of the Landlord and Tenant Act 1985.

Landlords must provide facilities for inspecting the documents within one month of the leaseholder's or secretary's request, and these facilities must be available for two months.

Leaseholders have other rights to investigate the service charges and the way the building is managed – the Leasehold Reform Act 1993 gives them the right to ask for a management audit, and under the Housing Act 1996 they have the right to appoint a surveyor.

### **What happens if a landlord fails to provide a summary or allow access to further information?**

If a landlord fails to provide a summary or access to inspect and copy supporting documents following a request from you or the secretary of a recognised tenants' association, and they do not have a reasonable excuse for this, they are committing a summary offence and are liable for a fine of up to £2,500 (level 4 on the standard scale of fines for summary offences) if they are convicted. The local housing authority has the power to start legal proceedings against the landlord, or you can start them. Local authorities are exempt from prosecution, but registered providers (housing associations) are not.

# Making these requests through Find Others

Find Others created a free tool which enables residents to easily send section 21 and 22 requests to their landlords.

The resident simply fills in a short form with their details, and Find Others sends a template email to their housing association requesting the information.

Find Others then sends automated emails to the residents asking for updates on their requests.

If a resident is unhappy with the results of their request, they can escalate the issue by sending a template complaint to their landlord.

**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.

**What we're doing**  
Find Others is a new platform which helps individuals who have suffered injustices to unite, build powerful action groups and take decisive action. We are stronger, when we tackle problems together.

We have launched a campaign in partnership with SHAC (Social Housing Action Campaign), to unite housing association tenants and residents and call an end to widespread service charge abuse.

As part of the campaign, we've created a free tool to help residents request a summary of their service charges for the past 12 months, which they can then inspect for errors. With everyone's help, we can begin tracking and identifying the housing associations that comply with their legal obligations and the culprits of service charge abuse.

**The process**

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

Request your service charge summary

Michael  
© London, UK

Please provide the full address of the property you are requesting a statement for.

Address line 1  
1 The Street

Address line 2  
Lansdowne

Address line 3

Town / City  
London

County  
Middlesex

Postcode

Next

Help & support  
Please provide the full address of the property you are requesting a statement for.  
We need this information to include in the request we'll be sending to your housing association, so they are able to identify your property.

More help

Hi <FIRST NAME>.,  
One month ago, you used our service to request a summary of your service charges from <HOUSING ASSOCIATION NAME>.  
They should have responded to you by now as per their legal obligation. Please let us know if you've heard from them using the options below.

I have my summary and believe it is correct

I have my summary and believe there are errors

I haven't received a response

They have asked for more time

THE FIND OTHERS TEAM

Find Others  
End Service Charge Abuse Campaign 2023

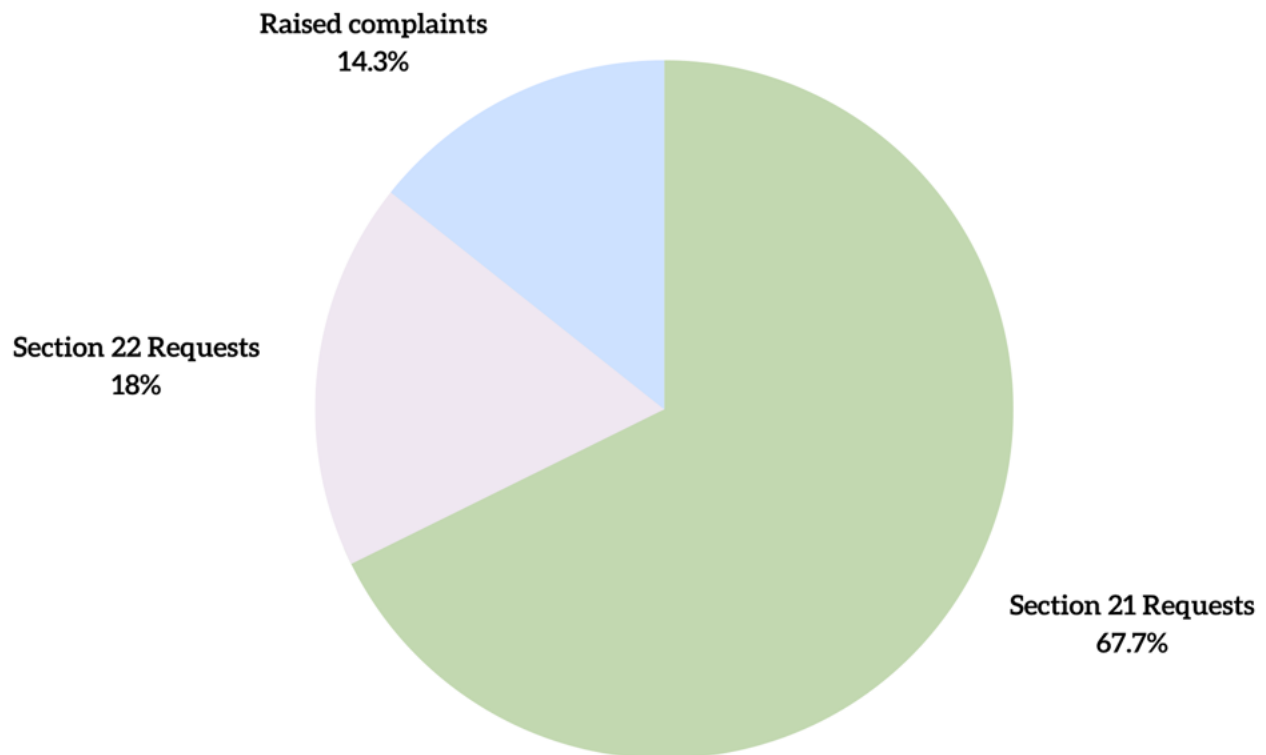


# DATA ANALYSIS

Early results of the section 21/22 request tool.

276

residents have so far used the tool to send section 21 and 22 requests, and raise complaints with their housing association over service charges.

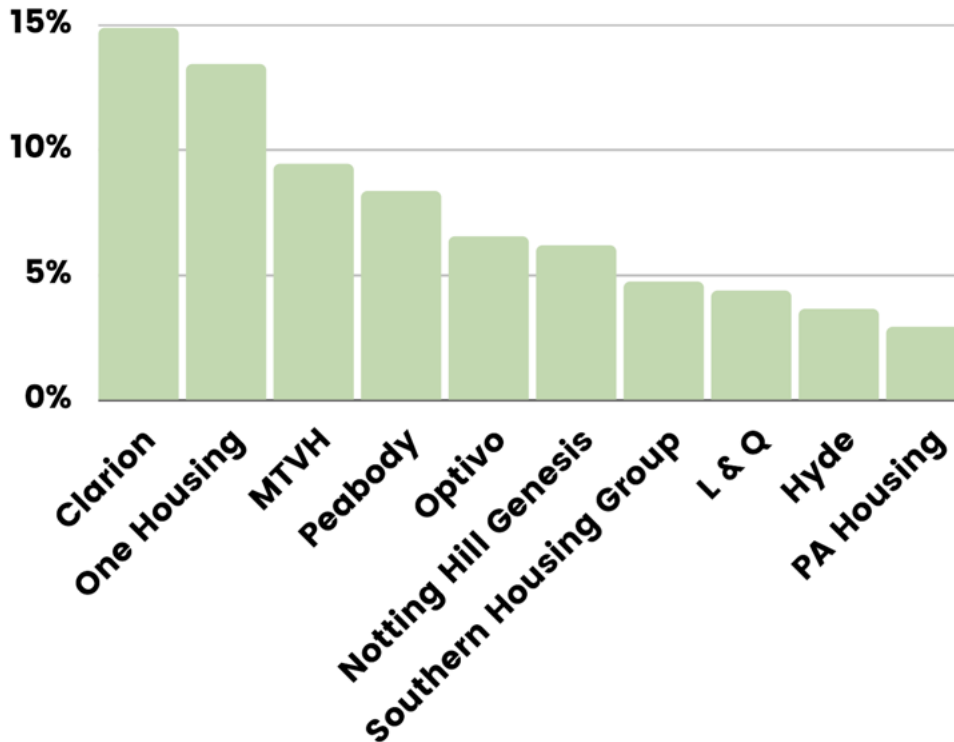


35.2% Tenants

63.8% Leaseholders

1.06% Secretaries of tenants associations

# Top 10 HA's to be contacted via the tool



**49**

Housing associations have been contacted in total.

- 1** **Clarion Housing** is the largest housing association in the UK, owning and managing 125,000 homes. They have a Google review rating of 1.4 stars.
- 2** **One Housing** is now part of The Riverside Group which manages more than 75,000 homes. They have a 1.9 star rating on Trustpilot.
- 3** **MTVH** manage over 57,000 homes and has a 1.5 star rating on Trustpilot.

Taking their reviews into account, it is easy to understand why these three HA's come out top in our results. Their residents feel ignored and powerless.

**40%**

*Of residents received no response to their section 21 request within the 30-day legal time limit.*

# Section 21 Requests Performance Results

Housing Association.	% of all section 21 requests.	% of residents who received <u>NO</u> response to their request within the 30 day time limit.	% of residents still waiting for a response or have been informed the HA needs more time to prepare it.	% of residents satisfied with the response to their request.
Clarion	16%	47%	42%	3%
One Housing	12%	30%	60%	0%
MTVH	10%	57%	39%	0%
Peabody	9%	45%	50%	0%
Optivo	7%	38%	50%	0%
Notting Hill Genesis	6%	64%	36%	0%
Southern Housing	5%	73%	27%	0%
L&Q	5%	36%	27%	18%
Hyde	4%	20%	50%	0%
Tower Hamlets	2%	33%	67%	0%

## Section 22 Requests

64 people proceeded to make a section 22 request, asking their housing association for the supporting accounts that relate to their service charge summary. To date:

# 40%

of residents have not received a response within the legal timeframe of 30 days

# 14%

have reported errors within these accounts.

# £2million

*Since launching the campaign, just 27 residents have verbally reported over £2million in overcharges.*

# CONCLUSION

These statistics show a dismal record of adherence to the Landlord and Tenant Act by social housing providers. They highlight the imminent need to employ stricter procedures and financial punishments when housing associations fail in their duties. The current routes advertised to residents for redress are either dead-ends or unattainable for the majority of residents.

## Housing Ombudsman Service



Regulator of  
Social Housing

### Housing Ombudsman

- Does not investigate service charge disputes



Department  
for Work &  
Pensions

### Department of Work and Pensions

- Financially punishes residents in receipt of housing benefits for the overcharges inflicted by housing associations.



HM Courts  
& Tribunals  
Service

### First Tier Tribunals

- Costs the resident to launch a case, and requires a level of legal and financial competence. Residents have been quoted £45,000 for legal assistance making it unattainable.

**Residents have nowhere left to turn. It is time to call for an end to service charge abuse through government intervention.**

# ACKNOWLEDGEMENTS

SHAC and Find Others would like to thank all the residents who have supported the campaign to end service charge abuse and have used the section 21/22 request tool.

Without their help, uncovering this national scandal would not have been possible.

We would also like to say a special thank you to One Housing resident Ed Spencer, who initially suggested the idea for the tool and sparked this movement.

*We thank you for reading this report.*



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