



SHAC Briefing: Service Charge Abuse

Aims

SHAC has been very successful in getting individual cases covered in the media, sometimes leading to getting them resolved.

However what we want to do is to end this form of financial abuse for everyone.

What we've struggled to do is to get anyone to really cover the systemic nature of this abuse although we've tried and we've come close. There is definitely a glass ceiling preventing this type of reporting that we need to break through.

Landlords seem to enjoy a unique position in relation to service charges, differentiating them from every other retail or service sector. The law expects tenants and residents to pay service charge bills even if they are clearly inaccurate and then challenge their inaccuracy and seek a refund afterwards. In addition, in no other industry are people required to pay invoices for goods or services without having a copy of the invoice in their possession.

Housing Association Statistics

The housing association sector owns 4.4 million homes across England and collects around £1.5 billion in service charges every year. An overcharge of just £1 per home gives the sector an unearned income of £4.4 million per year. In reality, the average overcharge is much greater than this.

Analysis of data collected by Find Others found £2 million overcharging across 27 complaints about inaccurate service charges.

For some households, service charges are billed separately to rent. For the remainder, services are paid for through rental income.

Around 1 million housing association households receive support for rent and in some case service charges through the benefits system.

Evidence of the Scale of Inaccuracy

Evidence collected by SHAC and our campaign partners Find Others demonstrate that almost all service charge accounts are riddled with inaccuracies and almost all result in overcharging rather than undercharging.

Sometimes the housing association benefits, sometimes it is a sub-contractor.

SHAC has been gathering evidence of this form of abuse through surveys and through working with our partners Find Others.



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Our evidence bundle (available on our [campaign page](#)) has been presented to the Regulator of Social Housing, the National Audit Office, and Baroness Scott of the Department of Levelling Up, Housing and Communities. Baroness Scott was accompanied by a whole room full of officials from the Department. All ended up in a dead end, even when in the latter case it looked hopeful.

We have attempted to engage with the Charity Commission, police, and Serious Fraud Office. These approaches (which were repeated in some cases as our evidence bundle grew) resulted in a dead end.

Parallels with the Post Office Scandal

There are startling similarities between the experiences of SC abuse victims and those who suffered as a result of Post Office scandal.

Sub-Postmasters	=	Residents (feeling alone and fighting for years within a system that is geared against them)
Justice for Sub-postmasters Alliance	=	SHAC (bringing everyone together to understand what is actually happening, mutual support for victims, collating evidence, joining the dots and taking action diligently and professionally)
Post Office	=	Housing associations (denying & delaying while making huge profits they call surpluses)
Fujitsu	=	Sub-contractors (making millions upon millions while also generating extra money on their outrageous charges which are blindly passed on to tenants and residents by housing associations)
The legal system	=	Same (a system that works in the interests of housing associations and the Government)
MPs	=	Same (taking up individual cases on behalf of constituents but unwilling to challenge the system or sector as a whole).



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An Unequal Fight

There is the asymmetry in information. Tenants do not have the same legal rights to information as leaseholders and shared owners. But even residents who do have legal rights to statements and invoice packs do not get them within the legal timescale, or sometimes at all. The information on what has been charged and how it's been calculated is owned by the landlord and we have to persuade them to let us have it even though we pay.

There is the asymmetry in resources. This includes understanding the accounts, and if it goes into court, having legal advice and representation. Housing associations can afford to lawyer-up. Our members can't. Access to non-conflicted and free legal advice is almost non-existent, especially after the removal of Legal Aid for many housing issues. We understand that legal costs cannot be recovered for service charge cases (or is limited) and therefore even No Win, No Fee law firms are discouraged from taking on cases.

There is the gaslighting of tenants and residents and a war of attrition over what is and what is not a legitimate charge. There is no statutory guidance on this.

At the end of the process, assuming all prior hurdles have been overcome and that the association has admitted an inaccuracy, there is another protracted fight for a refund.

As with the Post Office scandal, the starting assumption is that the complainant is wrong and the onus is on the complainant to prove otherwise. The legal position is that the onus and responsibility lies with the housing association to get it right in the first place and to swiftly address and redress inaccuracies. This is a legal fiction however. In the real world, the onus is on the tenant or resident to extract information, analyse it, identify inaccuracies, and challenge the landlord to put them right. But they do so with barely any resources.

As a further point of attrition, even when the long and grinding challenge by a tenant or resident results in a refund, they can expect a repeat of exactly the same inaccuracy in the following year's accounts. The tenant or resident ends up back at square one. Some of our members have overlapping battles relating to inaccurate accounts spanning several years.

Finally, for our anyone fighting this type of injustice there is an additional disadvantage in that all of the work has to be fitted in around job, caring, and home commitments. There are no armies of staff devoted to challenging inaccuracies. By contrast, the housing association sector has armies of staff apparently committed to extracting money that is not legitimately charged.