



HOUSE OF COMMONS

LONDON SW1A 0AA

Gareth Davies
Comptroller & Auditor General
National Audit Office
157-197 Buckingham Palace Road
London SW1W 9SP

20 February 2025

Dear Auditor General,

Re: Request to the National Audit Office (NAO) to Investigate Welfare Benefits and Service Charge Abuse by Landlords and Managing Agents on behalf of SHAC (Social Housing Action Campaign)

We write to ask that the NAO launches an investigation into welfare benefits paid in respect of service charges via Housing Benefit or the housing element of Universal Credit without checks on the legitimacy of the invoices and service charge demands.

This is a great concern because there is mounting evidence of the very high proportion of landlord and freeholder service charge accounts that have been identified as being inaccurate. The Prime Minister, Sir Keir Starmer, recently pledged to crack down on benefit fraud. In order to fulfil this promise, SHAC is urging him to eliminate the ‘blank cheque’ mentality that landlords are able to exploit when it comes to Housing Benefit (HB) in respect of landlord service charges. The Prime Minister is reported in the Mail on Sunday elaborating on government plans:

“... we will crack down hard on anyone who tries to game the system, to tackle fraud so we can take cash straight from the banks of fraudsters ... There will be a zero-tolerance approach to these criminals. My pledge to Mail on Sunday readers is this: I will grip this problem once and for all.”

Evidence compiled by SHAC and others demonstrates that landlords and freeholders across the country are ‘gaming the system’ when it comes to the HB collected from its tenants. Recent research by SHAC found that more than 70% of disputed service charge cases at the First Tier Property Tribunal lead to costs being reduced or removed.

• **Housing Benefit Service Charge Abuse**

HB covers payments for both service charges and rents. For some renters, the cost of services such as communal cleaning is included within the rental demands issued by the landlord. However, for a proportion of tenants, the rents and service charges are billed separately, and

both can be covered by HB. Housing associations specifically collect around £1.7 billion in respect of service charges annually. Approximately half of this is being paid via HB.

The UK Housing Review 2024 notes that Government spending on housing in 2021/22 was £30.5 billion compared with £22.3 billion in 1975/76 (not adjusted for inflation). However, 88% of this is used to fund housing benefits, with only 12% of government spending used to build or improve homes. This has become a matter of public concern after being reported by Sky News.

- **No-one is scrutinising the legitimacy of service charge demands from landlords in respect of tenants in receipt of HB.**

Scrutinising the service charges for a single resident in a single year involves hours of work, even when the landlord is fully cooperative in providing the statement and an invoice pack. Akin to an audit, it requires the reconciliation of multiple invoices against statements in the landlords' service charge demands, and sometimes checks are needed to identify whether works being invoiced have actually been carried out. It would be impossible for the Department for Work and Pensions (DWP) or staff in local authorities to conduct the scrutiny needed for the hundreds of thousands of service charge payments made via HB annually.

- **Service charge accounts are riddled with inaccuracies.**

Over the last three years, SHAC has collated evidence to support this assertion. Recent media coverage such as the BBC's and The True Cost of Leasehold provide further validated case studies and the quantitative analysis of this form of financial abuse. The First Tier Tribunal (Property Chamber) also regularly rules in favour of tenants and residents (shared owners and leaseholders) who claim to have been overcharged by their landlords.

- **Inaccuracies have been identified in the service charge accounts of members within mixed-residency estates, where some tenants are paying the charge directly, and others are paying via the benefits system.**

Those who are paying directly are incentivised to challenge inaccuracies. By contrast, those whose charges are paid via benefits risk losing those benefits if they alert the DWP to the inaccuracies without the landlord acknowledging and removing any of the overcharged items from their service charge demands. Tenants are therefore left with a shortfall which they have to cover themselves. This makes it impossible for tenants in receipt of Housing Benefit to report inaccuracies even if they become aware of them.

- **It is clear that the benefits system is being defrauded by millions of pounds annually through service charge abuse.**

This is not an issue that can be addressed by individuals, or simply by cutting HB. This would penalise the victims of service charge abuse rather than the perpetrators. The Prime Minister needs to address the issue at source to prevent the inaccurate service charges being levied. This issue demands a major inquiry into service charge abuse perpetrated by councils,

housing associations and private landlords.

Yours sincerely,



Mohammad Yasin
Member of Parliament for Bedford and Kempston

Co-signed by:

- Andrew McDonald (Middlesbrough and Thornaby East)
- Bell Ribeiro-Addy MP (Clapham & Brixton Hill)
- Caroline Dinenage DBE MP (Gosport)
- Clive Lewis MP (Norwich South)
- Daisy Cooper MP (St Albans)
- Ellie Chowns MP (North Herefordshire)
- Gideon Amos OBE MP (Taunton and Wellington)
- Ian Sollom MP (St Neots and Mid Cambridgeshire)
- Iqbal Mohamed MP (Dewsbury and Batley)
- John McDonnell MP (Hayes and Harlington)
- Kim Johnson MP (Liverpool Riverside)
- Lee Dillon, MP (Newbury)
- Mike Amesbury MP (Runcorn and Helsby)
- Neil Duncan Jordan MP (Poole)
- Paul Kohler MP (Wimbledon)
- Richard Burgon MP (Leeds East)
- Richard Foord MP (Honiton & Sidmouth)
- Dr Sam Rushworth MP (Bishop Auckland)
- Sammy Wilson MP (East Antrim)
- Sean Woodcock MP (Banbury)
- Siân Berry MP (Brighton Pavilion)
- Simon Opher MP (Stroud)
- Steve Witherden MP (Montgomeryshire and Glyndŵr)
- Vikki Slade MP (Mid Dorset & North Poole)

Late addition:

Ian Byrne MP (Liverpool West Derby)