

HOUSING ASSOCIATIONS

Flats broke

A SA retired accountant with 50 years' experience, combing through invoices comes easily to Michael Savell. But it didn't take an expert to spot something strange when his block of flats was charged £23,000 for gas despite all the homes being powered solely by, er, electricity.

Nine years later, he's still fighting for a full refund for years of similar bills – adding up, he says, to £83,000 – on behalf of the 170 tenants, all aged over 55, at his south London development, which is run by the housing association Southern Housing. In that time, Savell says he has identified many more anomalies that might otherwise have escaped his neighbours' notice. He believes they are each owed at least £1,400 in surplus charges and are being overcharged once again this year. He said: "It worries me that this will be going on up and down the country unchallenged."

A spokesperson for Southern acknowledged a need to improve transparency and accuracy, adding: "Our service charges reflect actual costs, we don't make a profit from them. However, inflation, rising building insurance premiums, and the costs of complying with new building safety regulations have led to increases." It claims to have repaid the gas bills, which the tenants dispute.

While housing association rents are controlled by government, landlords set their own service charges – a monthly levy to cover building running costs and any additional services. Associations are legally obliged to explain any increases and provide invoices within 30 days of any request. In reality, however, residents say they often pay excessive

estimated bills in advance and then struggle to get surpluses refunded, or are charged inflated fees hidden behind generalised repairs, maintenance, utilities and other additional services.

Toni Parker, a former actuarial analyst who lives in a Peabody Trust development in south-east London, has created a detailed 83-page complaint – complete with graphs and data tables – showing her calculations for what she believes is an overcharge of between £75,000 to £100,000 in her block over the past decade, when service charges increased by 150 percent.

A Peabody spokesperson said: "We don't make a profit on service charges. They should always be accurate, transparent, and clearly explained. We know we haven't always got that right and we're sorry. We're committed to doing better and have a clear plan of improvements in place. We're reviewing the charges at Monmouth Court and are in touch with residents. Where people have been overcharged, we will refund them."

David Lynn, meanwhile, has accrued almost £42,000 in service fee debts on his late mother Mary's shared ownership flat in the five years since she died, aged 96. The development, near Slough, is run by housing association Anchor Hanover, which specialises in elder care and support to assist independent living. Lynn has been unable to sell his mother's 75 percent stake in her home and remains liable for the monthly service charge. Three years after her death the charges rose by 42.9 percent over 12 months; they include obligatory sums for catering at £20 per meal, energy and cleaning, despite the flat lying empty. He said: "The costs will likely exceed my mother's estate, bankrupt it and the flat will return to Anchor. All she worked for squandered on keeping an empty flat. She would be devastated."

Lynn says Anchor has admitted the part-owners were overcharged by more than £36,000, but instead of returning the surplus to payees, the money was paid into a general fund controlled by the association. He has been asking for invoices since October and has now complained to the housing ombudsman.

Amanda Holgate, interim CEO at Anchor, said increasing costs were affecting all social housing providers and that contracts made it clear fees were still payable after leaseholders die. She added: "Following feedback from residents, we are changing how we bill for service charges and are introducing annual fixed service charges to provide more clarity and certainty for residents."

The Social Housing Action Campaign (SHAC) has started a parliamentary petition calling for a protection scheme for service charge payments similar to that protecting rental deposits; this would enable residents to retrieve surpluses without having to take legal action via the complex first tier tribunal system. Of those who have attempted the latter, SHAC's research found that 70 percent did win refunds, but in 80 percent of cases landlords took more than a year to pay up – and one in 20 did not pay at all.