



Landlord Service Charge Abuse

Service Charge Abuse Via Housing Benefit

April 2026

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Part 1: Introduction and Methodology

1. Introduction

A proportion of tenants (renters) and residents (shared owners and leaseholders) pay for services such as, but not limited to, communal cleaning, lighting and heating. These payments are service charges. It is commonly believed that service charges only apply to leaseholders and freeholders, rather than full renters. This is not the case. It is true that for some renters, service costs are incorporated into their rent. However, in other cases, tenants make an additional, discrete service charge payment.

Approximately half of households whose housing costs include service charges have these costs wholly or partially covered by their local authority (LA) through Housing Benefit claims. We therefore sought to understand the extent of scrutiny applied by processing authorities to ensure that such charges are reasonable and legitimate.

There is good reason to ask this question. Our experience has shown that service charge accounts and demands are riddled with overcharging. Indeed, our comprehensive review of the First Tier Tribunal (Property Chamber)¹ (the Tribunal) decisions in 2025² identified an overcharging rate of more than 63%. Where the landlord was a housing association, overcharging was identified in 66.7% of Tribunal cases.

In this research, SHAC submitted Freedom of Information Act (FoIA) 2000 requests to over 200 local authorities asking about the protocols for checking the accuracy of service charges when processing Housing Benefit claims with a service charge element. We also asked how many Housing Benefit accounts were paid directly to landlords, and of those, the proportion of landlords that are housing associations. We received 225 responses within the timeframe of our research (see Section 3, Methodology). The results of these enquiries are set out below.

We undertook this research because Government claims that it seeks to reduce the welfare benefits bill, but so far, Government has instead focussed on reducing the amounts that can be claimed by individuals, particularly those who are registered disabled. Yet the same government, and its predecessors, have ignored large scale service charge abuse of the Housing Benefit system despite a substantial body of evidence having been submitted by SHAC and others to the Ministry of Housing, Communities and Local Government and the National Audit Office.

¹ First Tier Tribunal (Property Chamber) are published at <https://www.gov.uk/residential-property-tribunal-decisions>

² SHAC research - Landlord Service Charge Abuse - Tribunal Decisions 2025 at <https://shaction.org/wp-content/uploads/2026/03/SHAC-Landlord-Service-Charge-Abuse-Tribunal-Decisions-2025-March-2026.pdf>

Our evidence has consistently demonstrated that overcharging for services is common practice among landlords, either inadvertently because their internal controls are inadequate, or carried out deliberately knowing they can get away with it.

With such widespread, systemic, and deliberate financial abuse affecting hundreds of thousands of households each year — and ultimately the taxpayer — it is insufficient for the government merely to point to legislation requiring landlords to charge legitimately for services and to suggest that victims take legal action against non-compliant landlords.

When local authorities pay for housing services through Housing Benefit rather than tenants themselves, it is equally unreasonable to place the entire burden of scrutiny on council employees to detect overcharging. Instead, stronger obligations should be imposed on landlords to ensure that service charges are accurate. It is long overdue for the government to take decisive action to end service charge abuse.

SHAC calls on the National Audit Office to investigate service charge abuse by landlords via the Housing Benefit system, and report its findings to SHAC and the Ministry of Housing, Communities and Local Government.

2. Key Findings

In 2025 to 2026 government spent around £37.8 billion on Housing Benefits³. However, SHAC's research finds that councils are not checking whether the services being claimed for actually exist.

Our evidence suggests that landlords are siphoning off millions of pounds annually from the welfare benefits system that they are not entitled to receive. Our case in summary is as follows:

- Many people receive a service charge demand from their landlord in addition to their rent demand.
- For some, the payment is not made by the tenant directly but is processed by the local authority because the tenant is eligible for Housing Benefit to cover the cost of services such as communal cleaning, gas and electricity. In many cases, payments are made directly to the landlord.
- In order to make the payments, councils check that the services the landlord is charging for are eligible for Housing Benefit against a list provided by government.
- While the vast majority of councils check the eligibility of items included in the service charge demand, very few check the accuracy of the costs being demanded. For

³ Government publication: Social security spending in Great Britain
<https://www.gov.uk/government/publications/benefit-expenditure-and-caseload-tables-information-and-guidance/benefit-expenditure-and-caseload-tables-information-and-guidance>

example, the checks currently being made by councils would identify and refuse a service charge for heating inside the tenant's property as this is ineligible for Housing Benefit. However, the normal scrutiny applied by councils would not recognise an erroneous charge for lift maintenance where no lift exists within the claimant's tower block.

- Councils are wrongly assuming that the landlords are taking care to ensure the accuracy of service charge demands when they are not. All three case studies included in this report support our claim, as does the body of evidence compiled by SHAC. For example, Goldpence Apartments Residents' Association found that 54% of expenditure (£592,432) contained no invoice corroboration in the disclosure pack for the 2022/23 accounts.
- Councils also wrongly assume that the Regulator of Social Housing regulates service charges pertaining to social housing providers. It does not. The Regulator scrutinises social landlord corporate accounts, but not their service charge accounts. And while there is a Rent Standard in the Regulatory Framework, there is no service charge standard⁴.
- There is not only a gap in the scrutiny of service charges, but also significant variation in the information councils collect — such as the amounts paid for service charges versus rent, whether Housing Benefit is paid to the claimant or directly to the landlord, and the types of landlords receiving these payments.
- Our prior research established that service charge demands are frequently falsely inflated. This finding is reinforced by the evidence from our three compelling case studies.
- The difficulties tenants and residents face when challenging inaccurate charges are well-documented, both publicly and through SHAC's research. Landlords often refuse to cooperate, while the institutions meant to protect tenants are either too cumbersome for most to engage with or too weak to compel landlord compliance.
- Tenants receiving Housing Benefit or Universal Credit face particular disincentives: alerting the council or Department for Work & Pensions can lead to reduced benefit payments without a corresponding reduction in the service charge, leaving tenants to cover the shortfall themselves.
- Even when tenants are successful in persuading their landlord to share the invoice packs to show how service charges have been calculated, scrutinising them requires hundreds of hours of work. Councils do not therefore have the resources to scrutinise the accuracy of service charge demands for thousands of Housing Benefit claimants beyond the basic eligibility checks already being undertaken.

⁴ Regulator of Social Housing Regulatory Framework
<https://www.gov.uk/government/collections/regulatory-framework-requirements>

- When landlords voluntarily admit to overcharging, or are compelled to do so by the Tribunal, there is no legislation requiring them to notify the councils that have paid Housing Benefit towards those service costs. Nor is there any mechanism to compel the repayment of overpaid public funds (see Section 13, Case Study 1: Michael Savell).

Our evidence supporting the narrative above is set out in the following sections.

3. Methodology

We received responses to our Freedom of Information Act enquiry from 225 councils between the 10th January and 27th February. The councils were asked to provide details of:

1. *The policy or procedure for checking the legitimacy of service charges where a resident is claiming benefits to cover them.*
2. *The number of housing benefit or universal credit claimants whose service charges are paid directly to their landlord, including where this is a single payment incorporating rents plus service charges.*
3. *The proportion of the above whose landlords are housing associations, if recorded.*

For further clarification, particularly in response to some councils whose initial responses were unclear, or who asked for further information regarding our query, we added two examples:

We understand that the council checks the validity of the claimant and whether the items claimed for are eligible, but this is to ask how the legitimacy of the actual charge is checked.

For example, if the landlord includes a charge for lift maintenance, but the claimant does not have a lift in their building, how would this be picked up? Alternatively, if a landlord is charging £500 to change a lightbulb, how would the unreasonableness of this demand be picked up and challenged?

To note, these are real-world examples - not hypothetical.

In summary, once the claimant passes the landlord's service charge demand to the benefits processing team and the council has confirmed that the charges are eligible, what policy and procedure is in place to ensure that the actual charges are both reasonable and legitimate?

The responses were reviewed to assess whether councils go beyond simply confirming that services are eligible for Housing Benefit, and instead examine whether the charges themselves are accurate.

4. Eligibility Checks

Local authorities are responsible for checking and administering Housing Benefit (Universal Credit, which can include a housing allowance element, is the responsibility of the Department for Work & Pensions rather than local authorities). The vast majority of responding councils - 221 out of 225 (98%) - stated that they carried out standard eligibility checks, typically:

“A full tenancy agreement or breakdown of rent charges is requested for each housing benefit claim. Once the detailed breakdown is provided, these will be looked at and checked for eligibility under the Housing Benefit Regulations 2006.”

FoIA response, Maidstone Borough Council

5. Eligibility vs Legitimacy

The gap in the procedure is that while eligibility is generally checked, legitimacy is not. The real-world example we provided to some councils in our Freedom of Information Act request was:

We understand that the council checks the validity of the claimant and whether the items claimed for are eligible, but this is to ask how the legitimacy of the actual charge is checked.

For example, if the landlord includes a charge for lift maintenance, but the claimant does not have a lift in their building, how would this be picked up? Alternatively, if a landlord is charging £500 to change a lightbulb, how would the unreasonableness of this demand be picked up and challenged? ... To note, these are real-world examples - not hypothetical.

The responses we received varied widely, for example:

“For each claim we accept the service charge elements as long as they are a reasonable charge. We would not expect staff to ask for evidence or a breakdown of these charges unless we have reason to challenge the overall rent charged.”

FoIA response, Somerset County Council

And:

“It is not for the Housing Benefit service to determine specifically the legitimacy of charges but rather to determine what is eligible rent.”

FoIA response, Hart District Council

By contrast:

“[We] Compare the charges with previous submissions from the same landlord or similar accommodation types to help identify any anomalies or unusual increases. Request further evidence or clarification where any charges appear unusually high or out of line with what we reasonably expect. This may include asking the landlord for a breakdown of costs, supporting invoices, or a clear justification. Review all information provided before making a final decision on whether the charge is reasonable and can be allowed. This approach ensures that decisions are fair, consistent, and based on both evidence and informed judgement.”

FoIA response, Wokingham Council

Some local authorities expect their housing officers to have knowledge of the services being provided, which increases the likelihood of detecting any inaccuracies:

“The policy in place is to ensure legitimacy of service charges using service charge details provided by the landlord and using the knowledge of an experienced assessment team to question these where applicable.”

FoIA response, Surrey Heath Borough Council

Some include visits to properties. This offers a significantly higher level of scrutiny over spending, but only 8 councils (less than 10%) confirmed that they did so.

“We check the amounts claimed and determine if they are legitimate and reasonable. For existing schemes, the New Development Team visits properties, looking not only at the quality of service provided but also checking that the costs being claimed for are actually onsite. This will highlight any anomalies.”

FoIA response, Rochdale Metropolitan Borough Council

Such checks are labour-intensive, and a drain on the already overstretched council resources. Rochdale council for example added:

“Due to current workloads, not all Providers have been visited.”

FoIA response, Rochdale Metropolitan Borough Council

6. Mistaken Assurance

(a) Relying on the Landlord

Some Councils rely on landlords who receive Housing Benefit payments directly to provide details of the services for which they are charging:

“All our services charges are provided to us from our landlords direct therefore our procedure is to assess each service charge in line with Housing Benefit Regulations ensuring the charge is a condition of the tenancy and the value of the charge is reasonable. The majority of the service charges are for communal areas which is acceptable.”

FoIA response, East Ayrshire Council

This approach is highly problematic. If a landlord misrepresents the services they provide, there is nothing within the process to trigger further scrutiny or deeper investigation.

(b) Relying on the Claimant

Some councils pass responsibility onto the tenant, for example:

“Tenants have entered into a contract with their landlords and it is their responsibility to ensure that the rent charged is reasonable and services included are provided.”

FoIA response, Aberdeen City Council

However, if a claimant notifies the council that a landlord is charging for a fictitious service, they risk having their benefits reduced without a corresponding reduction in the service charge, leaving them to cover the shortfall.

(c) Relying on the Regulator of Social Housing

Although service charges fall outside the remit of the Regulator of Social Housing (the Regulator), councils appear unaware of this gap and have misplaced faith in the Regulator as a means of ensuring that charges are legitimate, reasonable, and accurate:

“If the landlord is a Registered Social Landlord (RSL), they are subject to audit scrutiny, as we are, so their charges are generally accepted. This is because they are strictly controlled by the Regulator of Social Housing (Regulator).”

FoIA response, North Devon District Council

Similar statements were received from Chorley, South Ribble, Erewash, Falkirk, Slough, Wolverhampton, and Hertsmere, all of which were equally explicit in their belief that the Regulator scrutinises service charges. This widespread misunderstanding is likely to affect the practices of other local authorities.

(d) Relying on the Law

There is a common expectation by councils that landlords, and especially housing associations, are compliant with the law. For example:

“It is worth noting that all registered providers of social housing are expected to set service charges in a reasonable and transparent way which reflects the services being provided, as per the Government’s Policy Statement on Rents for Social Housing.”

FoIA response, Exeter City Council

The statement is technically correct: landlords do have a legal obligation to be clear, transparent, and reasonable in their service charges. However, the substantial body of evidence gathered by SHAC and others demonstrates that this obligation is frequently unmet.

7. Action on Overcharging

When overcharging is identified through any route, the Housing Benefit Regulations expect the council to deduct the corresponding overcharge from the benefit payments:

Excessive service costs

4. Subject to paragraph 2, where the relevant authority considers that the amount of a service charge to which regulation 12(1)(e) (rent) applies is excessive in relation to the service provided for the claimant or his family, having regard to the cost of comparable services, it shall make a deduction from that charge of the excess and the amount so deducted shall be ineligible to be met by housing benefit. (Schedule 1(4))⁵

This leaves the claimant to make up the shortfall. Only two councils, said that they would attempt to negotiate with the landlord to reduce the level of demand:

“Where evidence does not justify costs, the council can challenge and negotiate reductions.”

FoIA responses, London Borough of Richmond upon Thames and London Borough of Wandsworth

We interpret this as meaning that the councils concerned would address the overcharge at source, rather than simply cutting benefits and leaving it to the tenant to pay the difference.

8. Metrics

Three councils stated that even responding to the question on their policy for checks on Housing Benefit claims for service charge costs would exceed the FoIA cost limit (Brighton and Hove City Council, Gwynedd Council, Hastings Borough Council). A further two councils stated that they did not hold any information on such checks (East Dunbartonshire Council and Essex County Council).

(a) Council Responses

Out of **225** responding councils:

- **221** confirmed that they carried out eligibility checks (98.2%).
- **4** stated that they carried out additional checks for supported housing (1.8%).
- **20** stated that they visited schemes to check on the provision of services (8.9%).
- **2** stated that they carried out enhanced checks on new schemes / claimants (0.9%).
- **8** stated explicitly that they relied on the Regulator Social Housing to regulate service charges (3.6%).
- **2** stated explicitly that they relied on claimants to report inaccurate charges (0.9%)

(b) Direct payments to landlords:

The Housing Benefit legislation does not require councils to track how many claimants receive payments specifically for services in addition to rent. As a result, many Councils do

⁵ Schedule 1(4) Excessive Service Costs available at <https://www.legislation.gov.uk/ukxi/2006/213/schedule/1>

not distinguish between the two and record only the total amount paid on behalf of their Housing Benefit claimants.

- **101** councils responded to the question on the number of Housing Benefit accounts paid directly to landlords (44.09%).
- **124** councils said that the data was not held or was too costly to provide (55.1%).
- **11,467** Housing Benefit accounts were paid directly to landlords. Ranging from just **35** (West Devon Borough Council) to **8,104** (Cornwall Council).

(c) Direct payments to Housing Associations (HAs)

- **92** responded to the question on the number of Housing Benefit accounts paid directly to HAs (40.9%).
- **133** said that the data was not held or was too costly to provide (59.1%).
- There were **76,893** Housing Benefit accounts where payments were made directly to the HAs. Ranging from **5** (South Hams District Council) to **4,604** (Cornwall Council).
- On average, **76%** of direct landlord payments were made to HAs.

Councils are left to determine for themselves what information they collect about the payees. The fact that some stated they could only provide the information requested by going through individual Housing Benefit accounts which would be too time-consuming and costly demonstrates that they are not including such data in their management reports.

9. The Law on Service Charges

Section 19 of the Landlord and Tenant Act 1985⁶ determines that in relation to service charges

Relevant costs shall be taken into account in determining the amount of a service charge payable for a period—

- a) only to the extent that they are reasonably incurred, and*
- b) where they are incurred on the provision of services or the carrying out of works, only if the services or works are of a reasonable standard;*

and the amount payable shall be limited accordingly.

Further, Section 27A of the Landlord and Tenant Act 1985 provides that:

(1) An application may be made to the appropriate tribunal for a determination whether a service charge is payable and, if it is, as to —

- (a) the person by whom it is payable*
- (b) the person to whom it is payable*

⁶ This section of the legislation can be accessed at <https://www.legislation.gov.uk/ukpga/1985/70/section/19>

- (c) the amount which is payable
- (d) the date at or by which it is payable and
- (e) the manner in which it is payable.

10. The Law on Housing Benefit Payments

Housing Benefit payments are processed by councils and can be made directly to the landlord rather than to the claimant. To authorise these payments, council officers are expected to verify that the items charged are eligible under the Housing Benefit Regulations 2006, which refer to:

“... payments in respect of, or in consequence of, use and occupation of the dwelling [and] payments of, or by way of, service charges payment of which is a condition on which the right to occupy the dwelling depends” (Sections 12(1)(d) and (e))⁷

The Regulations also provide a schedule of items which are ineligible for Housing Benefit, for example laundry, furniture, and cleaning beyond communal areas (Schedule 1, Ineligible Service Charges⁸).

The Regulations also stipulate that checks must be made to ensure that the payments meet the above requirements, stating:-

“a person who makes a claim, or a person to whom housing benefit has been awarded, shall furnish such certificates, documents, information and evidence in connection with the claim or the award, or any question arising out of the claim or the award, as may reasonably be required by the relevant authority in order to determine that person's entitlement to, or continuing entitlement to, housing benefit.” (Section 86(1))⁹

11. Lack of Regulation of Service Charges

Service charge payments are not subject to regulatory checks or caps in the way that rents are. As a result, SHAC receives frequent and sometimes shocking reports about problems with escalating and inaccurate service charges. This led SHAC to launch its End Service Charge Abuse¹⁰ (ESCA) campaign.

⁷ Housing Benefits Regulations 2006, Section 12 available at <https://www.legislation.gov.uk/ukxi/2006/213/regulation/12>

⁸ Housing Benefits Regulations 2006, Schedule 1, <https://www.legislation.gov.uk/ukxi/2006/213/schedule/1>

⁹ Housing Benefits Regulations 2006, Section 86(1), <https://www.legislation.gov.uk/ukxi/2006/213/regulation/86>

¹⁰ SHAC's End Service Charge Abuse Campaign, <https://shaction.org/service-charges/>

12. Lack of Reimbursement of Overpaid Benefits

The only legal mechanism to recover overpaid service charges when a landlord refuses to acknowledge or reimburse them is through an application to the Tribunal. However, even when the Tribunal determines that overcharging has occurred, it can only order refunds for the individuals who brought the claim—always those who have paid directly out of their own pockets. SHAC has reported on Tribunal decisions in both 2024 and 2025, and none were from local authorities reclaiming overpaid Housing Benefit from landlords.

This means that overcharging continues unchallenged for many households who lack the time, energy, or resources to pursue a claim. Or for those tenants receiving Housing Benefit who do not pursue a claim at all. In these cases, the taxpayer effectively foots the bill, with little likelihood of repayment (see Section 13, Case Study 1: Michael Savell).

13. Case Study (1) Southern Housing - Michael Savell

This case study highlights the lack of any mechanism for repaying overcharged service charges to the Housing Benefit (Housing Benefit) system, whether by housing associations or councils.

Background

Southern Housing Group, a registered housing association, collected an estimated £75 million in 2024/25 from more than 70,000 social housing lettings. Not all lettings have separate service charges, and Southern also collects service income from non-social housing, which is not included in its annual returns to the Regulator.

Mr Michael Savell is a full-rent tenant on Southern's Halton Court estate in Kidbrooke Village, Greenwich, which comprises 170 apartments. He pays his service charges directly from his own income, without receiving Housing Benefit.

Overcharging History

Mr Savell first noticed overcharging in 2015, when the housing association responsible for Halton Court was Viridian (later merged with Amicus Horizon to form Optivo, which in turn merged with Southern Housing Group). The issue gained BBC attention in 2022 due to the extortionate demands, which included:

- Fictitious charges, such as a £23,000 bill for personal gas supply, despite no gas being supplied to the homes.

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- Unreasonable charges, including a £300 fee to change a light bulb.

Private challenges led by Mr Savell and other residents resulted in Southern refunding over £318,000 in 2022, with an additional £109,000 reduction in future demands. Despite these interventions, Southern continued its service charge practices, forcing residents to fight for refunds year after year.

Recent Developments

In 2025, Southern admitted to overcharging an average of £922.24 per household on the 2023/24 accounts. The same errors were repeated in 2024/25 and 2025/26, based on the 2023/24 estimates, meaning substantial overcharges continued. The final 2023/24 audited accounts contained errors totalling over £14,000 in charges that should have been classified as overheads, not service charges. These overcharges were identified by Mr Savell through detailed invoice review, covering only a small subset of categories. The accounts required four attempts to be corrected, and even then, remained inaccurate in some areas.

While refunds have been issued for some residents, amounts vary by account, and Southern has not applied a consistent approach to repayments.

Interaction with Local Authority

A manager from Greenwich Council confirmed that the council is writing to Southern to ascertain how much has been credited to rent accounts, and expects Southern to reimburse the council, as claimants are not entitled to the overpaid Housing Benefit. Mr Savell has noted the irony of the council benefiting from his efforts when it has not actively monitored the excessive service charge demands.

Conclusion

This case demonstrates that, even when overcharging is identified and partially corrected, systemic weaknesses remain: refunds are inconsistent, councils are not automatically notified of Housing Benefit overpayments, and residents must expend significant time and effort to pursue justice.

14. Case Study (2) GreenSquareAccord - Ben Jenkins

This case study illustrates the scale of overcharging and the limited scrutiny applied to public funds paid to housing associations.

Background

GreenSquareAccord Limited (GSA), a registered housing association, collected over £18 million in 2024/25 from just under 25,000 social housing lettings. Not all lettings have separate service charges, and GSA also collects service income from non-social housing, which is not recorded in its annual returns to the Regulator.

Research and FOIA Requests

SHAC member and Housing Sector podcaster, Ben Jenkins, sought to identify how much public money is being paid to GSA and what scrutiny is applied when Housing Benefit payments are processed. His research was prompted by personal experiences and those of his neighbours with inaccurate service charges and GSA's resistance to correcting errors.

FOIA responses revealed that across eleven local authorities, over £41 million was paid directly to GSA over the last three complete financial years to cover service charges for claimants. This figure is not the national total, as some councils failed to respond substantively or refused to provide the requested information.

The responses confirmed SHAC's findings: in most cases, councils either do not scrutinise beyond checking whether items are technically eligible under the Housing Benefit Regulations 2006, do not challenge service charge increases at all, or cannot evidence when, how, or why any challenge took place.

Findings

Mr Jenkins concluded that large sums of public money are routinely paid to GSA with limited, inconsistent, and often undocumented scrutiny.

He and his neighbours have spent several years attempting to understand the service charge demands, often paying increasing charges for services that were not delivered—from basic maintenance to alleged 24-hour emergency responses. Attempts to engage with GSA were met with slow responses, protracted formal complaints, and unresolved issues.

In trying to address inaccuracies, Mr Jenkins and his neighbours submitted Landlord and Tenant Act 1985 (LTA) Section 21 and Section 22 requests for service charge statements and invoice packs. These requests were frequently missed or incomplete, with GSA providing screenshots instead of invoices and summaries instead of source documents.

For full transparency, Mr Jenkins documented his methodology, findings, and all FOIA responses on his Housing Sector website: <https://www.housingsector.co.uk/blog/the-taxpayers-burden>. GSA

was offered a right of reply, but, as with previous requests, no substantive response had been provided by the time of publication.

15. Case Study (3) Peabody – Goldpence Apartments

This case study highlights the lack of controls and transparency within landlord service charge procedures.

Background

The Peabody Trust, a registered housing association, collected over £81 million in 2024/25 from more than 93,000 social housing lettings. Not all lettings have separate service charges, and Peabody also collects service income from non-social housing, which is not recorded in its annual returns to the Regulator.

Key Findings:

- Evidence submitted by the Goldpence Apartments Residents' Association showed a 250% increase in service charges over five years.
- Block-level analysis of the 2025/26 demands revealed an annual increase of 11.73%, far exceeding inflation.
- Changes across 15 individual flats ranged from a 32.3% reduction to a 211% increase, with the apportionment methodology never disclosed despite repeated formal requests.
- A reconciliation of the 2022/23 accounts showed that 54% of expenditure (£592,432) lacked invoice corroboration in the disclosure pack.
- Peabody's independent consultant, Katie Bond, confirmed in November 2025 that inaccurate statements had been made to both the Housing Ombudsman and the local MP regarding service charges.
- The Managing Director of North East London at Peabody stated that she has no power to require the service charge team to respond to residents.

Conclusion

This case demonstrates systemic weaknesses in service charge governance at Peabody. Residents face unexplained, disproportionate charges, lack meaningful recourse, and encounter obstructive internal procedures that prevent accountability. The combination of undisclosed

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methodologies, unsupported expenditures, and management claiming a lack of authority illustrates a structural failure in oversight, leaving residents and, in cases of Housing Benefit, taxpayers exposed to potential overcharging.

Part 2: Summary and Recommendations

The government claims to want to reduce the welfare benefits bill, but so far its focus has been on cutting the amounts claimable by individuals, particularly disabled people:

Sir Keir Starmer has said the UK's benefits system is broken and fixing it is a "moral imperative", a day after a backbench Labour revolt saw him forced into a U-turn on welfare cuts. Speaking at the [Welsh Labour Party] conference in north Wales on Saturday, Sir Keir said fixing the "broken" benefits system needed to be done because it was "failing people every day ... Fixing it is a moral imperative" ... he added.

"The government's initial plans, aimed at bringing down the welfare bill, would have made it harder for people to claim personal independence payment (Pip), a benefit paid to 3.7 million people with long-term physical or mental health conditions"

BBC News, Starmer Says Fixing Welfare is a 'Moral Imperative'¹¹

Yet the same government, and its predecessors, are ignoring large scale service charge abuse of the Housing Benefit system despite a substantial body of evidence submitted by SHAC and others to the Ministry of Housing, Communities and Local Government and the National Audit Office.

Our evidence has consistently demonstrated that overcharging for services is common practice among landlords, either inadvertently because their internal controls are inadequate, or carried out deliberately because they can get away with it.

With such widespread, systemic and systematic financial abuse affecting hundreds of thousands of households annually, and taking money from the taxpayer, it is not enough for government to point to the legislation which requires landlords to charge legitimately for services and recommend that victims sue their non-compliant landlords.

When the payments for housing services are made by local authorities via Housing Benefit rather than individuals directly, it is equally unreasonable to place the whole burden of scrutiny onto the shoulders of council employees to check for overcharging, instead of imposing more powerful requirements on landlords to charge accurately for services in the first place.

It is time that government took steps to end service charge abuse.

When reports in the media that intimate and undressed images of real people were being created without their consent through new artificial intelligence platforms, it rightly sparked widespread outrage and an immediate response by government. This included plans to prosecute social media platforms centrally and hold them to account for the material they publish¹².

¹¹ BBC News, Starmer Says Fixing Welfare is a 'Moral Imperative', 28 June 2025
<https://www.bbc.co.uk/news/articles/c20wxq3g1x3o>

¹² UK Parliament, Tackling Non-Consensual Intimate Image Abuse - Fourth Report of Session 2024–25, 5 March 2025
<https://publications.parliament.uk/pa/cm5901/cmselect/cmwomeq/336/report.html#heading-0>

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The government did not rely on existing legislation and leave victims to take action individually — a sharp contrast to its approach to service charge abuse, where, despite limited acknowledgement of the problem, it is doing exactly that.

It is not possible for SHAC to assess how much the overcharging is costing the welfare benefits system. We are able to say that it runs (at least) into millions of pounds because this is demonstrated just in relation to the three case studies used in the report. However, providing a national total would need a level of investigation that is beyond SHAC's resources. This is because:

- The number of people receiving housing support is high, and is split across both Housing Benefit and Universal Credit. Government's own statistics report that around 1.6 million people receive Housing Benefit, but when including the housing element of Universal Credit, the total number of households receiving housing support is significantly higher, often estimated at over 4.9 million households.
- Only a subset of the above receive support for service charges as well as rents, but identifying such claimants would be problematic under the current system of recording. Some local authorities record which among their claimants receive benefits for rents plus service charges, but many councils only record the overall sum without describing whether it covers rents alone, or rents plus service charges. Compiling data would therefore represent a challenge, even for government.
- Having identified which claimants receive a payment to cover service charges, the accounts would need to be analysed to identify which services are not being provided but are being charged for by the respective landlords.
- This cannot be done on average estimate. The amount of HB per household varies widely, from a few pounds per week, right up to the cap. The benefit cap outside London is £423.46 per week for a couple or family, and £283.71 per week for a single adult. In London it is £486.98 per week and £326.29 per week respectively.

This is why SHAC is calling on the National Audit Office to select a sample of claimants who are receiving benefits for service charges and forensically investigate their landlords' charges. The results should be reported to SHAC and the Ministry of Housing, Communities and Local Government.

SHAC

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