

Oxbode Housing Association

Policy & Procedure for Compensation

1.0 Policy Objectives

- 1.1 The Association aims to provide an excellent standard of service to its customers.
- 1.2 We have set minimum standards of service that can be expected of us. If we fail to meet that standard, or the tenant suffers a loss of amenity, the Association will offer financial compensation, using a straightforward and accountable system.

2.0 Terms of Reference

- 2.1 The Association's Delegated Authorities permit the Housing Manager to decide on the payment of compensation claims.

3.0 General Principles

- 3.1 If customers feel that we have not reached our stated standards, they should tell us. This does not need to be in writing.
- 3.2 If we agree that we have not met our usual standards, we will compensate the customer in cash. If they are in arrears, we will credit their rent account.
- 3.3 It is Oxbode's aim to give the best possible service we can. By offering compensation, we feel we are demonstrating our commitment to quality, value for money and excellent customer services.
- 3.4 We recognise that we work with people who are on low incomes. If our work seriously inconveniences them, or causes them extra expense, we will compensate them at a reasonable level.
- 3.5 However, it is our aim to avoid situations in which compensation would become payable.

4.0 Entitlement to Compensation

- 4.1 There are four principles under which compensation is payable. However, these are not exclusive and compensation may be claimed for a variety of other reasons.

4.2 Compensation is payable if:-

- we have taken an unreasonable time to either repair or restore something which is Oxbode's responsibility and this has resulted in tenants being unable to use part or all of their home;
- we have failed to reinstate a service for which Oxbode is responsible;
- we have failed to meet our guaranteed level of service.
- Tenants have carried out permanent authorised improvements and are now moving out.

4.3 The Housing Manager can make discretionary compensation payments to cover incidents or areas of concern not covered above.

5.0 When Compensation is Not Available

5.1 We cannot pay compensation in the following circumstances:-

- when the loss/damage is caused by the tenant's own fault;
- when contractors cannot gain access to a tenant's home, despite leaving cards, letters etc;
- when contractors cannot get spare parts and have kept the tenant informed;
- when extra unforeseen works are required and contractors have kept the tenant informed;
- when the service or facility is unavailable because of vandalism, severe weather conditions or other actions outside of Oxbode's control;
- when evidence of the damage to goods is not available;
- when the loss/damage arises from an alteration or repair to the property or its facilities which the tenant has carried out or arranged themselves, such as an incorrectly installed shower;
- when the loss/damage is the fault of another tenant or neighbouring occupier, for example their leaking washing machine;
- when the loss/damage is due to the acts or negligence of a third party, such as a contractor who is not acting on Oxbode's behalf. This includes any problems arising from any private arrangements tenants have made with one of our own contractors;
- When Oxbode has acted reasonably and complied with our legal and contractual liabilities;
- When we have made reasonable alternative arrangements e.g. to cover for an interrupted service;
- Where fire or floods have damaged tenants' belongings and we have acted promptly to repair/make safe the house after the initial report (tenants are always advised to purchase contents insurance. This is stated in their tenancy agreement).

5.2 All cases will be reviewed individually, and discretion can be exercised by the Housing Manager where it is felt that there are grounds to justify it.

6.0 Compensation: Loss of Service

- 6.1 The service must be listed in the tenancy agreement service charge schedule for the current year.
- 6.2 We will consider issuing a refund in the following circumstances:-
- absence of an estate assistant/cleaner without temporary cover arrangements for more than two weeks;
 - if communal laundry facilities are unavailable for more than one week;
 - if gardening, grounds maintenance services or window cleaning are missed for more than two scheduled visits;
 - if a door entry system is out of order for more than two weeks and the association has not provided alternative security arrangements.
- 6.3 The amount of compensation to be refunded will be the amount of service charge involved in the failure.
- 6.4 In properties where a service charge is payable, Oxbode will offer compensation in the form of a refund of the service charge. This refund will not be paid direct to the tenants, but will be credited against next year's service costs. In this way, the service charge will be reduced for all tenants for the coming year.

7.0 Compensation: Loss of Use of Accommodation

- 7.1 Tenants could suffer loss of use of individual rooms because of a delay in carrying out repairs, or because of works being undertaken in the rooms.
- 7.2 Where there is a loss of a room because of a delay in completing repairs, compensation may be payable. It will be paid at the rates shown below when the rooms have been unusable for 72 hours after the repair completion deadline given in the repair notice.
- 7.3 The Maintenance Surveyor or Housing Officer must judge by inspection whether the room was usable taking into account the age, infirmity and health of the occupants. If other alternative rooms or facilities are available, e.g. a second WC, then compensation will not be payable. The MS/HO should therefore take into account the way the family use the home.
- 7.4 If the tenant is in receipt of Housing Benefit, the compensation should be paid direct to the tenant. Where the tenant is in arrears, it will be credited to their rent account.

7.5 The amount of compensation payable is based on the rooms which are unusable for the actual time they were unusable, as shown below:

Bedsit	20% (of the daily rent)
Kitchen	20% (of the daily rent)
Bathroom, where toilet is in the bathroom and no other toilet is available	20% (of the daily rent)
Bathroom with separate WC	15% (of the daily rent)
Living Room	10% (of the daily rent)
Bedrooms which are normally in use	10% (of the daily rent)

Up to a maximum of 50% of the rent, per day the room(s) were unusable.

8.0 Loss of Heating/Hot Water

8.1 Compensation will be paid only where there is a total loss of heating and/or hot water during winter (October 1st – March 31st) for a continuous period exceeding 48 hours from the time that the contractor was made aware of the failure.

8.2 Where water can be heated by immersion heater, and heating provided by fires, compensation will not be payable. We will not pay compensation if the failure is the fault of the utility companies.

8.3 Compensation will be paid at the following rates:-

Loss of Hot Water	£2.50 per day
Loss of Heating	£5.00 per day
Loss of Heating and Hot Water	£7.50 per day

8.4 Oxboode will arrange for alternative heating wherever possible. If this is done, compensation will be paid to reflect the difference in running costs for the period; at the rate of £3 per day, instead of the £5 per day rate).

9.0 Tenants Improvements

9.1 Tenants may be entitled to compensation at the end of their tenancy for the expenditure they have incurred in carrying out improvements to their home. The details are set out in the Housing Corporation circular R3-33/94. The rate payable will be based on the National Housing Federation's formula.

9.2 The works **must** have been formally authorised in writing by the association, and have been inspected and approved following completion, before compensation will be payable. Only certain improvements qualify for compensation, as set out in Secure Tenants of Local Authorities (Compensation for Improvements) Regulations 1994. We will have to confirm that the improvement is liable to compensation at the end of the tenancy. The

improvement must be of benefit to the association and not affect the future letability and maintenance of the property.

9.3 The people who are eligible to claim are:

- The tenant who made the improvement;
- Anyone who became a joint tenant with the improving tenant;
- A person succeeding to the tenancy on the death of the improving tenant;
- Assignees who would have qualified to succeed to the tenancy if the improving tenant had died;
- A spouse, former spouse or cohabitee to whom the tenancy was assigned or transferred by a court order following a relationship breakdown.

9.4 Process for tenants to get the work done:

Tenants are required to submit three estimates from contractors, ideally members of a trade body and/or approved contractors from Oxbody's list. Oxbody must be satisfied that the proposed works do not infringe any building or safety regulations. The tenant is responsible for obtaining all consents and permissions, and funding any legal or other fees relating to the improvement. Permission to do the work cannot be withheld unduly, but can be made subject to certain conditions.

9.5 Compensation is paid only when the tenancy ends and is calculated using a formula involving the "notional life" of the improvement. The amount of compensation can be adjusted up or down if the original cost was excessive, if the improvement was of a higher quality than the landlord would have carried out, or if the rate of deterioration has been slower or faster than that of the notional life. We will pay an amount which takes into account the original cost of installation – receipts must be provided – depreciated over the notional life of the improvement. The table in **Appendix A** lists the notional life of improvements.

9.6 Example:

A tenant spends £200 on installing a sink. The notional life is 10 years, and the improvement is discounted at £20 a year. Compensation is claimed two years after the improvement was made. Therefore: £200/10 years = £20pa. Two years multiplied by £20 = £40. £200 cost less £40 = £160 compensation.

9.7 When compensation will NOT be paid:

Compensation **will not** be paid if the formula produces an amount less than £50. The **maximum** award is £3,000. Any sum payable to the tenant will be deducted from any outstanding rent arrears or sundry debts before payment. Payments can also be adjusted if undue wear and tear has been incurred or any other defects to the improvement exist at the end of the tenancy. If the tenancy has ended as a result of legal action by Oxbody, compensation is not payable.

9.8 Timescale for making a claim:

The claim for compensation must be made in writing between 28 days before the actual end of the tenancy or up to 14 days after the tenancy has ended.

10.0 Relets

- 10.1 We have established a minimum standard of cleanliness and decoration that tenants can expect when they move into their home (see Relet Policy). If the tenant feels that the property is not in an acceptable condition on the tenancy commencement date, the property will be inspected and a plan will be agreed to put things right.
- 10.2 If we agree that the property was let in an unacceptable condition, we will give the tenant £10.

11.0 Additional Costs Incurred by Tenant

- 11.1 If a tenant must incur additional costs because the association has installed a dehumidifier or a similar device, we will refund the cost of using the appliance. This will be based upon the appliance rating and the estimated running time.

12.0 Damage to Tenant's Belongings & Decorations

- 12.1 If a tenant's belongings or decorations have been damaged by negligence by a member of staff or contractor employed by the association, compensation will be paid to the tenant.
- 12.2 In cases where the association has not been negligent, the tenant must claim against their own household contents insurance.
- 12.3 We will be considered negligent if we did not act on a repair, or failed to do the works to a reasonable standard (subject to the points noted in section 5.1, above). We will not be considered negligent where the works:
- were repaired or made safe within target completion times
 - are outside of our control (act of God)
 - have not been reported to us.
- 12.4 Compensation will be based upon the original cost of the items, depreciated over the life of the item.
- 12.5 An inspection must take place to view the damage. The items alleged to have been damaged must be listed, with a description. It is best to take photographs of the damage for future reference. The description of the items should include their age, condition and approximate value, with receipts if available.
- 12.6 The "compensation value" will be based on their age and condition, not their replacement value, i.e., we will not replace "new for old".

- 12.7 If the tenant values the item at over £100, it should be depreciated in the same way as we depreciate the cost of furniture in sheltered schemes, that is, using the expected life of an item, e.g.

Sofa, two years old, cost £500. Expected life = 10 years
Compensation payable is £400 (£500 less 2 years depreciation @ £50 a year = £400)

It is recognised that staff may well find themselves having to negotiate.

- 12.8 In the case of damage to decoration it is preferable that we agree with the tenant to supply the materials, and they do the work themselves.

- 12.9 The redecoration works will be based on what needs to be done to restore the room to the condition it was in before the problem occurred i.e., redecoration only to the affected area, not the whole room, unless it is cheaper to do the whole room. Oxbode will not redecorate the whole room where the existing wallpaper or paint does not exactly match the new paper or paint because of fading, wear and tear etc. Where this occurs, Oxbode will offer compensation to the value of the redecoration to the affected area, to enable the tenant to put this sum towards redecorating the room as they choose.

13.0 Repairs Service

- 13.1 Where we agree that our contractors have not completed the works within the set timescale, or they have not kept an appointment they have made, the tenant will be compensated at the rate of £10.

- 13.2 This will initially be paid by Oxbode, who will deduct the amount from the contractor's invoice. This procedure has been agreed with all our contractors and comprises part of the Contractor's Pack.

14.0 How to Claim

- 13.1 The tenant can make a claim verbally, or by using a standard form (**Appendix B**). If the tenant makes a claim verbally, the staff member receiving the information shall complete the claim form.

- 13.2 We should acknowledge the claim in writing and make arrangements to investigate and/or inspect the damage or problem within 10 working days. If the damage or problem is causing the tenant severe inconvenience, staff should visit as soon as possible. The standard letter in **Appendix C** should be used.

- 13.3 The claim and staff member's report should be passed to the Housing Manager within 10 working days of the inspection.

- 13.4 The Housing Manager should respond within 10 working days of receiving the report.

15.0 Appeals

- 14.1 If tenants are dissatisfied with the compensation offered, they can appeal to the Chief Executive, and then follow the steps outlined in the complaints procedure.

TENANTS IMPROVEMENTS

<u>Improvement</u>	<u>Assumed Life of Improvement In Years</u>
Bath	15
Shower	5
Wash hand basin	10
Toilet	15
Kitchen sink	10
Kitchen units and worktops	10
Complete space/water heating including radiator valves, tanks, piping etc	15
Insulation of pipes, water tank or cylinder	10
Loft Insulation	20
Cavity Wall Insulation	20
Double glazing or other external window replacement	20
Draft proofing of external doors and windows	5
Rewiring or the provision of power, lighting or other electrical fittings	15
Any object which improves the security of the home which does not obstruct means of escape but excluding external door and burglar alarms	10

(Structural improvements will not be permitted e.g. loft conversions, extensions)

OXBODE HOUSING ASSOCIATION

TENANTS CLAIM FOR COMPENSATION

Name:

Address:

Tel. No:

Why do you think you have got a claim?

(Describe the accident or other cause of loss or damage)

When did it happen?

What are you claiming for?

(Give details of belongings or decorations lost or damaged, or other loss you have suffered)

When did you notice the loss/damage?

(Remember to keep the evidence for us to inspect, such as the damaged belongings, receipts for dry cleaning or original cost of purchase etc)

Have you claimed against your own insurance, or anyone else?

YES/NO? If yes, who?

When can we come and inspect?

(if not already arranged)

Signed.....

Date.....