



Customer Compensation Policy and Claims Procedure

COR-POL-05

Version 5.0

Date approved: 23 July 2019

Approved by: People and Places Committee

1. Introduction

1.1 Southway Housing Trust (Southway) aims to provide high quality services to our customers and to get things right first time. However, occasionally things go wrong and it may be appropriate to offer some form of compensation.

1.2 This policy explains the circumstances in which Southway will compensate our tenants, residents and customers.

1.3 The policy also makes a distinction between statutory compensation (which we are legally obliged to pay) and discretionary compensation, (instances where we believe it is appropriate to pay compensation, but we are not legally bound to do so).

1.4 This policy does not apply

- To insurance claims
- To claims of legal disrepair (unless there is a qualifying statutory compensation payment)
- Compensation payments decided by the Housing Ombudsman

2. Policy Principles

2.1 Each person who makes a claim for compensation will be treated with respect and understanding. An officer with the necessary authority to make decisions on the claim will liaise with the claimant and act as their point of contact.

2.2 In line with Southway's Rent First objective, compensation will be used to assist in clearing rent arrears whenever possible.

2.3 The Chief Executive has delegated authority to make changes to levels of compensation outside of the normal policy review schedule.

3. Statutory Compensation

3.1 This section explains the situations in which Southway is legally obliged to make compensation payments.

Home Loss

- 3.2 Home Loss payments are statutory payments made to people who are permanently displaced from their homes.
- 3.3 The law covering Home Loss Payments is contained in the Homes Loss Payments (Prescribed Amounts) (England) Regulations 2018 and a customer is entitled to the prevailing rate of lump sum payment as determined at the time.
- 3.4 In order to qualify for the Home Loss Payment:
- The move must be permanent.
 - The move must be a consequence of demolition or reconstruction.
 - The tenant must have been in legal occupation for at least one year prior to the date of moving out.
- 3.5 Where the displaced tenant has succeeded to a tenancy, the successor can add the length of residence of the deceased tenant to make up the qualifying period.
- 3.6 Southway will offset home loss payments against a tenant's rent arrears/debts pay the balance. Awards will be subject to Director approval.

Disturbance Payments

- 3.7 Tenants that are entitled to Home Loss Payments, and those who are temporarily displaced, may be entitled to Disturbance Payments.
- 3.8 Payments for disturbance are covered by the Land Compensation Act 1973 (s.29-33) (as amended by the Housing Act 1974 and the Planning and Compensation Act 1991 s.68).
- 3.9 The law does not state an actual amount that should be paid, only that such payments should cover "the reasonable expenses of the person entitled to the payment in removing from the land from which he/she is displaced".
- 3.10 Reasonable expenses will include, for example:
- Removal costs.
 - Refitting of carpets and curtains.
 - Disconnection and reconnection of electricity, gas, telephone and fitted appliances.
 - Redirection of mail.

- 3.11 Disturbance payments will not be paid for work that has been carried out by Southway or its contractors.
- 3.12 Expenses will be met on the production of receipts. Where tenants are unable to make payments in advance, a lump sum payment can be made prior to the move. This will only be done in exceptional circumstances, and our approach will be to provide or pay for services wherever possible.
- 3.13 Tenants who are forced to move on a temporary basis will be offered appropriate compensation relating to expense or inconvenience incurred as part of their move. More detail is provided in Southway's Alternative Accommodation (Decant) Policy.

The Right to Repair

- 3.14 Tenants are entitled to compensation for certain repairs affecting health, safety or security should Southway fail twice to complete them within set timescales. The details of Right to Repair provisions are included in The Leasehold Reform, Housing and Urban Development Act 1993.
- 3.15 More guidance on qualifying repairs is included in our Responsive Repairs Policy and the Tenant Handbook, which are available to view on our website.
- 3.16 In order to qualify under this scheme:
- The estimated cost of the repair should be £250.00 or less.
 - Operatives must have been given access at the arranged time.
 - Southway should be notified when the repair deadline had passed.
- 3.17 Compensation under the Right to Repair will not be payable when:
- The repair has been inspected and attended to within set service standards and the tenant has been advised that the relevant parts are on order.
 - The repair is classed as rechargeable to the tenant.
 - There was no access at the time of the pre-booked appointment to carry out the work.
- 3.18 There is a flat rate award of £10 plus £2 per day, for each day the repair remains outstanding after the second report has been raised, up to a total of £50.
- 3.19 Southway Tenants' Own Improvements
- 3.20 Tenants have a contractual right to claim compensation at the end of their tenancy for 'qualifying improvements' they have carried out to their home.

3.21 Qualifying improvements that may be eligible for compensation include:

- Bath or shower
- Wash hand basin
- Toilet
- Kitchen sink
- Storage cupboards
- Kitchen work surfaces
- Central heating or water heating
- Thermostatic radiator valves
- Insulation of pipes, water tank or cylinder
- Loft insulation
- Cavity wall insulation
- Door replacement
- Double glazing, secondary glazing or other window replacement
- Rewiring of electrical fittings
- Any other work that Southway agrees improves the security of the home, except burglar alarms

(a) Compensation will only be paid if the following criteria are met Tenants received written permission from Southway prior to starting work (or Manchester City Council if before 26 November 2007).

(b) The work is of an acceptable standard and complies with any conditions set out in the permission letter

(c) All relevant statutory approvals (building control, planning permission etc.) have been acquired and documentary evidence is available to verify this.

3.22 When a claim for compensation for Tenants' Improvements is received, Southway will make an assessment based on the cost of the improvement (or estimate if no invoice is available), (unless this can be evidenced by an invoice), its estimated total life and the value of its residual life to determine the payment that should be made.

3.23 Compensation will only be paid at the end of the tenancy. The maximum payable is £3,000 for aggregated improvements. Deductions will be made against any money owed to Southway.

Compensation will not normally be payable:

- where the tenancy is ended through a possession action taken through the County Court.
- The Right to Buy or Right to Acquire has been exercised
- The tenancy passes from joint to sole names (or vice versa).

Right to Buy Delays

- 3.24 Tenants who exercise a Right to Buy application are entitled to claim compensation for any delay in completing the sale to required timescales, in line with Section 124 of the Housing Act 1988, Sections 153A and 153B and Part V of the Housing Act 1985 (the Right to Buy).
- 3.25 To claim compensation, tenants must first issue a “Delay Notice” to Southway giving one-month period in which to resolve the delay. If the tenant then issues a further “Operative Notice”, due to the failure of Southway to comply with the original Notice, rent free weeks will be taken from the final purchase price for each week that is outside of the deadline.
- 3.26 If the delay exceeds 12 months, a greater sum of one and a half times the weekly amount of rent, times the number of weeks, is deducted from the final purchase price.

4. Discretionary Compensation

- 4.1 The table at Appendix A of this policy details some of the instances when it discretionary compensation may be paid. This is for guidance only and each case will be considered individually.
- 4.2 All offers of discretionary compensation are made on a “Without Prejudice” basis and do not confer any liability upon Southway.
- 4.3 Discretionary compensation payments will always be used to pay off rent arrears unless it is being offered to reimburse a direct financial loss or expense incurred by the tenant (for example replacement of a damaged personal household article).

5. Insurance Claims

- 5.1 Southway will take out insurance to handle the risk of liability to itself, where tenants claim they have been injured or their possessions have been damaged or they have suffered a financial loss as a result of Southway's negligence. Such claims will therefore be referred to the insurer.
- 5.2 Where claims are below the relevant insurance excess, these will be dealt with through general procedures agreed with the insurer.
- 5.3 Insurance claims that are received as part of a wider complaint about services will be dealt with as follows:
- If a formal customer complaint is received which includes an actual or potential claim against Southway, the customer will be informed in writing that this has been passed to our insurers.
 - The customer will be advised that all enquiries relating to their claim will be referred directly to our insurers.
 - The remainder of the issues raised in the complaint, including any decisions over discretionary compensation, should be dealt with according to Southway's standard timescales and service standards.

Where the claimant will accept a settlement which is beneath the prevailing relevant excess within Southway's insurance policy, the insurer will be notified of the amount agreed between tenant and Southway, and this will be paid as a "*Without Prejudice*" discretionary payment under standard acceptance documentation as agreed with Southway's legal advisers and the insurer.

6. Compensation Claims Handling and Procedure

- 6.1 All claims will be acknowledged within two working days and either investigated by the relevant officer or referred to the insurer. (as appropriate)
- 6.2 In cases dealt with directly by an officer, a decision will usually be made within ten working days. If this is not possible the claimant will be advised of the reason for this and given a revised deadline.
- 6.3 Any manager or supervisor may authorise discretionary compensation, goodwill gestures or associated works up to the value of £50.

- 6.4 Compensation payments or associated works over £50 must be approved by a Head of Service or a designated deputy.
- 6.5 Compensation will be paid within ten working days of the offer being accepted.
- 6.6 Offers of discretionary compensation will only remain valid from 3 months from the point of offer. If they are not accepted within this time, the offer will be rescinded
- 6.7 Claims for compensation will not be considered when:
- (a) The loss or damage is a result of routine failure of a building's component, fixture or fittings where Southway has not been negligent.
 - (b) The non-availability of parts or materials prevents Southway from completing repairs within the published timescales and the customer has been kept fully informed.
 - (c) Service failure is the result of extreme or unforeseen conditions (such as weather conditions) where Southway has taken all reasonable steps to restore services or facilities under the prevailing conditions.
 - (d) Service failure is due to interruptions in gas, electricity or water supplies, as a result of the non-performance of utility companies or through the action of the tenant.
 - (e) The loss or damage is the tenants' own fault, including the failure to report repairs promptly or to keep appointments.
 - (f) The loss or damage arises from an alteration or repair which the tenant has arranged privately or carried out themselves. In these cases, Southway may consider taking further action for breach of tenancy agreement
 - (g) The loss or damage is due to acts of negligence by a third party, for example a visitor or a contractor who is not acting on behalf of Southway.
 - (h) Southway has acted reasonably and complied with its legal and contractual liabilities.

7. External Contractors

- 7.1 As part of the tender process Southway will ensure that all contractors carry Public Liability Insurance. Contractors will need to demonstrate that they

have a Compensation and Complaints Policy that shows they will handle claims made in respect of personal injury, damage to possessions or other financial loss in an effective and customer friendly way.

- 7.2 Southway will normally refer claims of this nature to the contractor themselves, but will intervene if the tenant complains of inadequate service.

8 Home Contents Insurance

- 8.1 Tenants are expected to have home contents insurance to cover the cost of replacing personal belongings and interior redecoration in the event of damage. Southway offers a low cost home insurance scheme to its tenants and leaseholders. Officers will promote and encourage the take up of insurance during their contact with tenants and assist them to join the scheme, particularly at the start of a tenancy.

9 Appeals

Appeals against decisions regarding the payment of compensation can be made using the procedure set out in Southway's Compliments and Complaints Policy.

10 Policy Monitoring and Review

- 10.1 The Compensation Policy will be reviewed every three years or at the point that any of the legislation relating to statutory compensation is amended.
- 10.2 An annual review of compensation awards will be carried out to ensure compliance with policy. This will be reported to the People and Places Committee.

11 Equality and Diversity

- a. This Policy and related publications of Southway, can be provided on request in other formats (e.g. in an alternative language, Braille, large print, or audio).
- b. An Equality Impact Assessment has been completed

12 Related Policies

- Customer Compliments and Complaints Policy
- Responsive Repairs Policy

- Customer Care Everyone Matters
- Alternative Temporary Accommodation (Decant) Policy

13 Compensation Award Examples

- a. The following table details some of the situations when compensation awards will be considered, and indicate levels for an appropriate financial award.

Service Failure	Recommended Compensation/Action
Failure to deliver a service which is subject to a service charge, where the fault has been reported and Southway has not responded within the advertised repair timescales and has not provided a justifiable explanation.	Reimbursement of the relevant part of the service charge.
Major works not completed at time of let, which renders the property uninhabitable.	Rent free period for the time that the property is uninhabitable following assessment by relevant officer.
Lack of hot water and/or heating beyond the published repairs timescales.	Up to £50 total payment
Increased costs of utility bills due to work carried out by Southway	Up to £50 total payment
Loss of use of part of a property for a period beyond the time advised for completing remedial works. Kitchen or Bathroom or Toilet (where no other available) Bedroom (where no spare room available) Living Room/Dining Room/Parlour	Payment of compensation will be based on the following: 20% reduction in net rent per day 10% reduction in net rent per day 5% reduction in net rent per day Up to a maximum amount of £250
Failure to adhere to published service standards	Discretionary compensation up to the value of £50.

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Service Failure	Recommended Compensation/Action
Loss of earnings, or other material financial loss	Costs will be paid on production of evidence. Loss of earnings will be paid to a maximum of £250. Southway reserves the right to charge for failed appointments where the tenant is not present at the agreed date and time

POLICY REVIEW HISTORY	
<i>To be completed during each review</i>	
<p>Previous versions V1 – Shadow Board – 28/08/2007 – Compensation for Damage After Repairs Policy V2 – Performance and Resources Committee – 15/05/2012 V3 – Chief Executive – 05/05/2014 – Customer Compensation Policy V4 – People and Places Committee September 2016</p>	
Date of last EIA:	10.7.19
Review lead by:	Matthew Maouati-Head of Governance and Performance
Main points or amendments made and reasons	
<p>This needs updating. Change to allow officers to authorise one off compensation payments under fifty pounds</p> <p>Change to recognise loss of earnings as a reason for compensation</p> <p>Time limit introduced for compensation payments to be accepted.</p> <p>Simplification of the table that shows when compensation will be awarded.</p> <p>General edit of policy to make it more readable.</p>	
Next review due:	Q2 2022/23
Review level:	People and Places Committee