



Title : COMPENSATION FOR SERVICE FAILURE

Date First Issued	July 2008	Issue Number	1
Date Amended			
Policy Agreed By	HVHS/KHA and Wessex Boards		

Purpose:

Wessex Housing Partnership aims to ensure that our customers' interests are put first and we continuously strive to provide an effective and quality service. However it is recognised that there will be occasions where our service fails to meet the high standards we aim at and a compensation payment is justified. This compensation policy has been drafted to ensure that residents and staff understand when requests for compensation will be considered and when the payment of compensation might apply.

Scope :

The aim is to provide guidance to staff, ensuring that there is fairness and consistency in assessing compensation across the Group and that the process is transparent to our residents and other stakeholders. This policy covers services to tenants, shared owners, leaseholders and applicants for rehousing by the Group.

Appendices :	A : Compensation Amounts for Service Failure
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1. POLICY STATEMENT

This policy sets out the Group's approach to compensation and it should be read in conjunction with the Group's Complaints policy. The policy details when we will pay compensation, how much we will pay and how we will pay it. The Group expects residents to take out their own home contents' insurance and compensation will only be paid for damage to residents' furniture, personal property etc in exceptional cases, and where service failure has been identified on the part of the organisation. As compensation is complicated by the issues of fault and liability, each case will be considered on its *individual* merits. The Group will generally consider claims for compensation under the following headings:

1. Service failure - Maintenance
2. Loss or damage to personal property or decoration
3. Loss of facilities
4. Service Failure – Other Cases

An allowance should be made within the annual budget for compensation claims. Compensation payments will be monitored, reported to the Board and used in conjunction with complaints received, to assess service delivery and identify areas for improvement.

The Group's insurers must be informed immediately of any incidents which may give rise to a major claim against the organisation or where a possible personal injury claim may be made. The resident should be advised that the matter has been referred to the insurers and that any claim for financial loss will have to be routed via the insurers and cannot be discussed or settled separately.

When following the complaints policy, staff should consider whether financial compensation is also appropriate – taking the requirements of this compensation policy into account.

2. COMPENSATION

2.1. SERVICE FAILURE - MAINTENANCE

Each case will be considered on its *individual* merits; however compensation will generally be considered where:

- Specific financial losses have been incurred through a fault of Wessex staff and/or contractor employed by the Group.
- A resident has had to live in poor conditions for longer than is reasonable due to the Group's failure to deal satisfactorily with repairs.
- There has been a substantial failure to meet target times for a repair.
- There has been a failure to provide notice to cancel an appointment (*To be put in place once an appointments system for KBS & other contractors is in operation*).
- There is a failure to let a property on a new development with less than 24 hours notice.

Compensation will not be paid where *it* has been *found to be* no fault of the organisation *following investigation* and where repairs have been completed professionally, in accordance with targets. It will not be paid in lieu of the resident's own insurance cover. Please see Appendix A for details of recommended compensation payments.

Where compensation is paid as a direct result of poor performance by a contractor, the Group will ensure that these costs are recovered from the contractor *or company* concerned.

2.2 LOSS OR DAMAGE TO PERSONAL PROPERTY OR DECORATION

The Group will only accept responsibility for the following:

- Substantial damage to a resident's decoration.
- Loss or damage to personal property which is a result of carelessness, poor workmanship or fault by the Group and/or contractors employed by the Group. And where such damage could and should have been avoided.

The Group will not accept responsibility for damage caused by a fault which is repaired within the target time and to a good standard. Residents will be encouraged

to take out appropriate home contents insurance which they can use to make a claim. This will also be the case where damage is caused by the actions of another resident i.e. overflowing bath.

If any unreasonable damage or loss occurs when the Group's contractors are carrying out work to the property, the Group will ensure the damage is made good or the resident is compensated for the damage as quickly as possible. Compensation for decoration will normally be offered in DIY vouchers, as detailed in the Decorating Allowance Policy. Compensation may be payable where there has been an unreasonable or excessive use of residents' own electricity supply. A senior manager will consider all such claims and supporting evidence will need to be provided.

In cases where the damage is due to building failure and not covered by the resident's own insurance the Group's liability for damage to residents' possessions will depend upon whether it can be shown that the Group has been at fault in some way. *Residents will be notified following investigation.*

2.3 LOSS OF FACILITIES

All properties need repairs at some time or other and inevitably some disruption will be encountered. Compensation will only be considered where disruption is particularly severe or where the Group takes an unreasonable length of time to complete the work. When gauging whether a repair has taken an 'unreasonable' amount of time, the organisation should consider the target times for similar repairs.

In cases of planned repairs to communal facilities such as lifts or warden call systems, residents must be notified of an expected start and end date. Where appropriate, a risk assessment should be carried *out* for each resident affected and alternative arrangements made for residents who are unable to manage without the facility for the duration of the repairs. Compensation will be *considered* where there are substantial delays in the duration of the programme.

Where any damage, or the maintenance works to rectify the damage, would make a significant proportion of the premises uninhabitable, the Property Asset Manager and/or the Repairs Manager should consider the option of providing alternative accommodation, including bed and breakfast, if there is nothing else available within the Group's stock. In most cases, if suitable accommodation is offered to the resident and is refused, the resident will waive his/her right to compensation.

2.3.1 Service Charges

Where the defect/repair has resulted in a loss of amenity which is paid for in the service charge i.e. Lift or entry phone or warden call system, for longer than the time set out in the Group's repair obligations, the refund will be based on the element of the s/charge attributable to that service x time taken to complete the repair over the standard time.

2.3.2 Rent

Where there is a loss of service which is paid for via the rent, there will be a sliding scale of 'compensation x length of time resident has been without the service, (less the repair time as set out in the organisation's repairs standards)'

(See Appendix A). However, this will not be payable if the Group organises and covers the cost of alternative accommodation.

This cost will be assessed by the Property Asset Manager/Repairs Manager /Operations Manager (as appropriate) and will be met out of the maintenance budget.

2.4. SERVICE FAILURE: OTHER CASES

2.4.1 Failure to Comply with Policy or Procedures.

Where a member of the Group has failed to comply with its own policy and/or procedures, resulting in a complaint by the resident, there may be a case for awarding a compensation payment based on distress, length of time taken to deal with the issue, and inconvenience experienced by the resident and/or family. The case will be considered by the Head of Service and the amount awarded will be a one off ex gratia payment as set out in Appendix A.

In exceptional cases where a problem has taken in excess of 6 months to be resolved, through fault of the Group, the Head of Service will consider awarding a compensation sum, based on a proportion of the rent x length of time taken to resolve the matter. The manager will take account of any similar cases decided by the Ombudsman. Where costs will be in excess of £1,000, the agreement of the Managing Director or Chief Executive will be required and the case will be reported to Board and the relevant Residents' Group.

2.4.2 Rent Accounts:

Where there have been any of the following failures of service regarding the collection of rent and/or service charges, staff can apply to the line manager to write off rent arrears on current and/or former tenants' accounts:

- New residents have been advised of the incorrect rent to pay and this error takes more than 1 week to correct.
- There has been significant delays in notifying residents of an arrear i.e. over 12 months in cases where residents pay the rent by monthly standing order.
- Residents have been advised by staff of incorrect monthly payments for revised standing order or incorrect amounts have been collected for a period of more than 6 months by Direct Debit.
- Where residents have not been advised of the correct rent increase.
- In cases where there have been significant (i.e. more than 6 months) delay in notifying residents of a housing benefit adjustment.

2.4.3. Other

Compensation may also be considered:

- Where there has been a serious service failure by the organisation, which has caused exceptional worry, distress or inconvenience to the resident and/or family.
- The complainant has spent an unreasonable and significant amount of time pursuing the matter with the Group, before the organisation accepts there has been a service failure.

In both these cases, the Head of the Service should be consulted regarding amounts due and account should be taken of recent awards made in similar circumstances by the Housing Ombudsman.

Where it is agreed that a resident has been inconvenienced and yet does not fall within the categories identified in this policy, the Head of the Service concerned will have the discretion to award a small gift i.e. flowers, gift voucher up to a maximum of £50 to the residents concerned in addition to a *written* apology.

3. CLAIMS

- All residents will be entitled to ask for a compensation form, if they think they may be eligible.
- Residents will have 28 days from the event to make a claim. Where the claim is linked to a complaint which may have taken some time to settle, the time limit will start from the date of the response by the Group. The officer dealing with the complaint should also manage the claim for compensation.
- All claims must be supported with evidence, which may include the articles which have been damaged, or receipts and invoices as proof of costs.
- Claims for lost or damaged items should be based on original cost and age, and not cost of replacement.
- The Group will acknowledge the claim within 2 working days and will aim to provide a response within 10 working days of receiving all the information required to make a decision.
- All claims must be countersigned by the manager of the service.
- In certain circumstances, a *senior* member of staff may initiate the compensation process by writing off rent arrears, without the resident completing a form.

4. APPEALS

If a resident is not happy with the outcome of their claim for compensation, they can appeal using the complaints procedure. This will automatically go to Stage 2 of the complaints process, unless the compensation process has been managed by the Head of Service, in which case the claim should be considered as having reached Stage 3.

5. RESTRICTIONS ON PAYMENTS

- a) No resident will receive compensation payments exceeding £2,500 in 1 year without the approval of the relevant Board. This does not include compensation payments covered by other policies i.e. Home Loss
- b) Where appropriate, compensation payments should be recovered from third parties(eg if the claim results from underperformance of a contractor or negligence or underperformance of another third party).
- c) The resident will be expected to provide supporting evidence of any additional costs incurred as a result of the service failure.
- d) Where the resident is claiming for damage to their own belongings, and this is not covered by insurance, evidence will be required showing cost of original goods. Where this is not possible, evidence of replacement costs should be provided and compensation will be amended to reflect age.
- e) All payments will be made by cheque, directly to the resident, except where the rent account is in arrears, or there is a sundry debt on the account. In

those cases, the payment will be made directly into the account which is in arrears.

- f) It is not intended that compensation payments will take the place of a resident's own home contents insurance. Compensation is only available if there has been a service failure by the Group. In cases where a resident has taken out insurance and the Group or contractor employed by the Group is at fault, the resident will still be encouraged to claim on their own contents insurance for any damage, but the excess will be paid by the Group.

6. MONITORING

Claims for Compensation should be carefully recorded and publicised across the Group, so that Managers can use the information to gauge the awards which should be made on an on going basis, which will in turn ensure some consistency across the Group.

Claims will also be reported to the relevant Resident's panel and to the relevant Board on a quarterly basis. Trends and Improvements will be clearly identified, where appropriate.

The level of payments, as set out in Appendix A, will be reviewed by Executive Management Team on an annual basis.

7. EQUAL OPPORTUNITIES

This policy will be made available in other languages and formats on request, and will be accompanied by a leaflet which will be in plain English and also available in other formats.

OTHER RELATED POLICIES

- Complaints
- Decorating Allowance
- Home Loss and Disturbance Payments
- Compensation for Improvements
- Right To Repair
- Rechargeable Repairs

Agreed by Residents	HVHS	KHA	Approved By Boards	HVHS	KHA	Wessex
				29 July 08	30 July 08	6 Aug 08

APPENDIX A

1. Service Failure – Customer Service Levels

Area	Detail	Payment
Repair Times <i>(This will not start until the appointment system has been in place at least 3 months)</i>	Where a contractor misses the target response time, and proceeds to miss an amended repair time as set by the Group. Exception: Where a resident has failed to respond to attempts to make an appointment or delays result in a specialist part being on order.	£10.00
Recalls <i>(This will not start until the appointment system has been in place at least 3 months)</i>	Where a contractor has to be recalled due to a repair which has not been completed satisfactorily.	£10
Interview/Home Visit	Where a home visit and/or interview is cancelled with less than 4 hours notice.	£10.00
Failure to meet Timescales for dealing with a Complaint	Where the timescales for dealing with a complaint are not kept and where this delay is not caused by waiting for further information from the resident or any outside agency.	£10
Failure to sign up a resident for a property	Where less than 12 hours notice is provided.	£25.00
Failure to sign up a resident on a New Development	Where less than 2 working days notice is provided.	Any expenses which resident has unavoidably incurred + £25
As above	Where less than 12 hours notice is provided.	All out of Pocket expenses + £30.00

2. Loss of Facilities

a) After the first 24 hours and until the amenity is restored:

Detail	Payment
No sanitary provision of any type	20% rebate of net rent per day
No supply of cold water	20% rebate of net rent per day
Where both the above apply, consideration should be given to moving the resident on a temporary basis, in which case all related resident costs should be covered,	

b) For other losses of amenity, the following rebates apply after the first 72 hours, where it is not planned and no alternatives are supplied:

Detail	Payment
Substantial reduction in access to cooking facilities	20% rebate of net rent at a daily rate.
Substantial reduction in access to bathing/washing facilities	20% rebate of net rent at a daily rate
No heating (between 1 October and 30 April only)	20% rebate of net rent at a daily rate
No hot water	20% rebate of net rent at a daily rate
For each unusable living/bedroom	20% rebate of net rent at a daily rate
UP TO A MAXIMUM OF 100% of the weekly rent	

Where alternative forms of heating, bathing etc are provided, consideration should be given to a one off payment for inconvenience, from £10 - £50, the sum not to exceed the rent rebate allocated.

3. Compensation for Inconvenience.

Where the Group accepts there has been a serious service failure, the manager should take the following into account when assessing compensation:

- The rent and service charge paid by the individual concerned *and excluding those in receipt of benefits*
- The Length of time the problem continued
- Any other costs involved
- What attempts the Group made to minimise the inconvenience to that resident
- Similar cases considered by the Group over the last 2 years
- Similar cases which have gone to the Housing Ombudsman

There will be cases where the lack of service affects a scheme and not 1 individual resident. Whilst reasonable efforts should be made to assess the relative inconvenience to residents, it will not be possible to identify this on an individual basis and a decision based on the average will be expected. One example is to compare the effect of a lift being inoperable in a sheltered scheme, to one in a block of flats aimed at younger single people.

Last Reviewed	July 2008	By	HVHS & KHA Resident Groups HVHS, KHA & Wessex Boards
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