

## Compensation Policy - Group

<b>Summary of Document</b>	This document recognises circumstances where we get it wrong and it is appropriate to give something (money, a gift or a service) as compensation or reparation to our customers.
<b>Who Does It Apply To?</b>	<ul style="list-style-type: none"> <li>• Bromford Living (plus Bromford Living stock managed by Fosseway Living)</li> <li>• Fosseway Living</li> <li>• HomeZone Living</li> <li>• Bromford Support – Bromford Living</li> <li>• Bromford Support – Fosseway Living</li> <li>• Bromford Support – HomeZone Living</li> <li>• Bromford Maintain</li> <li>• Bromford Homes</li> <li>• Group Home Ownership Services</li> <li>• Group Services – BCHA</li> <li>• Group Services – Fosseway</li> <li>• Group Services – HomeZone</li> </ul>
<b>Effective Date</b>	1 August 2007
<b>Policy Author(s)</b>	Julia Kelly, Project Manager, Bromford Housing Group
<b>Reference Documents</b>	<ul style="list-style-type: none"> <li>- Compensation Policies used by other RSL's.</li> <li>- Housing Corporation Regulatory Circular 94-33.</li> <li>- Existing compensation policies of Group Members</li> <li>- <a href="#">Compensation request form App1</a></li> <li>-</li> </ul>
<b>Approved by</b>	Member Association Meeting
<b>Date of Approval</b>	6 July 2007

**Our Space / SharePoint Key Documents / Policies / Customer Service**

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## 1. PURPOSE AND AIMS

- 1.1 Bromford Housing Group aims to provide the best service it can to all customers, but occasionally circumstances will arise when it is appropriate for us to pay compensation (in the form of money, a gift or a service) to recompense customers for poor service or a loss, that is not otherwise covered by insurance.
- 1.2 The aim of this Policy is to:
- Set out the circumstances where compensation maybe payable and the maximum level of awards payable.
  - Detail the scope and applicability of this policy.
  - Detail how this policy will be monitored and reviewed.
- 1.3 Bromford Housing Group will ensure that all individuals are treated equally and fairly in accordance with the Group's Equality and Diversity Policy in the operation of this Policy.

## 2. SCOPE

- 2.1 This Policy is a Group Policy and is applicable to all customers, irrespective of landlord. Where compensation awards are tenure specific this will be indicated in the Policy.
- 2.2 It details **Contractual** and **Discretionary** circumstances where compensation maybe payable to customers. There are also **Statutory** circumstances where compensation maybe payable to customers, for example, Home Loss and Disturbance payments. The circumstances surrounding payment of these awards together with discretionary compensation associated with decanting are contained in the **Home Loss and Decanting Policy**.
- 2.3 **Exclusions**  
This Policy does not deal with compensation claims for personal injury or claims where awards are anticipated to be £5000 or over, the excess on the Group Insurance Policy. These claims should be referred to the Group's insurers. If it is anticipated that a claim, currently below the £5,000 excess may later exceed it or if the loss could then lead to an injury it should also be passed to the Group's insurers to deal with. In these instances customers should be advised that their claim for compensation will be dealt with through this route rather than through our formal Compensation Policy and Procedure and that separate timescales will apply.

## 3. DEFINITIONS

- 3.1 Bromford Housing Group has several members; Bromford Carinthia Housing Association, Bromford Charitable Housing Association, Bromford Assured Homes, Fosseyway Housing Association, Homezone Housing and Bromford Home Ownership Ltd. The use of the term Bromford Housing Group in this Policy refers to the members collectively.

## **4. CLAIMS FOR COMPENSATION**

### **4.1 Service Standards**

Claims for compensation from customers do not need to be in writing. The colleague dealing with a request from a customer should complete the standard proforma attached at [Appendix 1](#) with the customer. In some instances, a home visit may be required to inspect damage or to discuss the claim in more detail.

4.2.1 All claims should be acknowledged in writing within 5 days and the claimant informed within 21 days (15 working days) as to whether the claim is accepted, rejected or referred to the Group's insurers.

### **4.3 General**

Should a claim be made through the customers Home Contents Insurance, further claims cannot be made under this Policy.

### **4.4 Appeals**

Appeals by residents against a decision related to payment of compensation should be made using the Group's Complaints Policy.

## **5. WHEN IS COMPENSATION PAYABLE**

### **5.1 CONTRACTUAL COMPENSATION AWARDS**

5.1.1 Housing Corporation circular 33/94 introduced the requirement for the following contractual rights to be given to Housing Association customers i.e. all Assured, Assured Shorthold and Secure rented customers and licences. For clarity this compensation is not available to Homeowners receiving a service from the Group or a managing agent.

### **5.2 The Right to Repair**

5.2.1 If an Association does not carry out a repair within a specified time the customer may be entitled to compensation if:

- The repair is an emergency (24 hours) or urgent (5 working days) priority.
- The repair is a qualifying repair i.e. it is likely to affect the health or safety and security of you, the public or property.
- The repair is not a defect to a new home that the developer is responsible for rectifying within the defect liability period.

5.2.2 When a customer reports an emergency or urgent qualifying repair the Association will state who will do the repair (i.e. which contractor) and when it should be completed. If a repair is not carried out within time the customer must let the Association know and a new time limit will be agreed. The new time limit must be equal to or less than, the original timescale given.

5.2.3 If a repair is not completed within the second time limit the customer should be paid compensation as follows;

- A 'one off' compensation payment of £10, plus £2 for each day the repair remains outstanding, up to a maximum of £50.

5.2.4 Compensation will not be paid if:

- The customer has failed to give access to the Association for the work to be inspected or carried out.
- Contractors have had to order spare parts and the customer has been kept informed
- A variation to the original works order is necessary, which changes the repair priority.

5.2.5 If the delay in carrying out the repair is due to the contractor, the Association will liaise with the contractor to obtain reimbursement of the amount paid to the customer.

### **5.3 Compensation for Improvements**

5.3.1 Compensation for improvements will allow a customer to be recompensed at the end of their tenancy for specific types of improvements that they have undertaken at their own cost with the approval of their Landlord. Claims should be made in writing within a period starting 28 days before, and ending 14 days after, the tenancy comes to an end.

5.3.2 Only certain improvements qualify for compensation and these are:

- Bath/shower/wash hand basin/toilet
- Kitchen units/sink/work surfaces
- Water or space heating/thermostatic radiator valves
- Loft/cavity insulation
- Double glazing/secondary glazing/window replacement and or draught proofing of external doors or windows.
- Rewiring or other electrical fittings (including smoke detectors)
- Security works, excluding burglar alarms

5.3.3 Compensation will only be paid where the Association has given written permission prior to the work being undertaken. In seeking such permission customers must submit 3 estimates from bona fide contractors and inform the Association which estimate they choose and why. DIY improvements will not be considered. The Association should not unreasonably withhold permission.

5.3.4 The Association should advise the customer;

- That any compensation given at the end of the tenancy will allow for depreciation i.e. it will be less than the customer paid for the work.
- Any compensation due to the customer at the end of their tenancy will be deducted from any money they owe to the Association.
- If the landlord terminates the tenancy through legal action, the customer will not be entitled to compensation.
- If the customer exercises their Right to Buy, Right to Acquire or purchases the entire property under Social Homebuy, they will not be entitled to compensation.

5.3.5 Compensation should be calculated using the statutory formula and the list of notional life spans for qualifying improvements are set out in [Appendix 2](#). The maximum compensation payable is £3,000 and the minimum £50.

### **5.4 DISCRETIONARY COMPENSATION AWARDS**

The following are compensation events where the Group, at its discretion, has decided to pay compensation to customers.

## **5.5 Loss and Damage to Possessions (*applies to leasehold, freehold, rented and licensee customers*)**

- 5.5.1 Compensation will be paid if a customer's decorations, furniture or personal items are damaged due to the neglect of a Bromford Group colleague or a contractor undertaking repair work on behalf of the Group.
- 5.5.2 Any request for compensation due to damage must be received within six weeks of the loss or damage being caused. The customer should be asked to retain any damaged items for inspection. No claim will be considered where the damaged decorations or goods have been made good, replaced or disposed of.
- 5.5.3 All claims should be inspected and a recommendation made on compensation payable. Compensation should be awarded where:
- The loss or damage is due to the neglect, act or omission of a Bromford Group colleague or a contractor undertaking work on our behalf.
  - The customer has made reasonable access arrangements for the Association and its contractors to deal with the problem.
  - The customer has taken reasonable steps to mitigate the extent of the damage.
  - The customer has not significantly contributed to the damage as a result of any other act or omission.
- 5.5.4 Where furniture or fittings are not a 'write off' and can be repaired, compensation should be calculated to cover the cost of repair or professional cleaning. If however, the damaged item is beyond repair, compensation should be agreed for the full replacement value.
- 5.5.5 Where an external contractor causes damage to possessions, we will obtain reimbursement of the compensation amount paid from the contractor after the compensation has been offered and accepted by the customer to avoid undue delays for the customer.
- 5.5.6 There is no limit placed on this compensation award but claims anticipated to be in excess of £5,000 (the excess on the Groups Insurance Policy), should always be referred to the Groups insurers.
- 5.5.7 Claims will not be considered for loss or damage caused by;
- The customer, their visitors, another customer or an adjacent occupier
  - Any alteration to the property or its services carried out by the customer without permission or to an inadequate standard
  - Burst pipes, backed up drains or other events, which could not have been predicted and or were not previously reported.

In the above instances, customers should be directed to make a claim on their home insurance or to approach the third party responsible for compensation.

## **5.6 Service failure – including "Sorry" awards (*applies to homeowners, rented and licensee customers*)**

- 5.6.1 The Group has a complaints procedure which customers should be encouraged to use if they are unhappy with the service received. Whilst we aim to deal with complaints quickly and fairly situations will occur where it is appropriate to pay a small amount of compensation, send flowers or give a voucher to say we are "Sorry".

5.6.2 This award **can** be made without a request for compensation from a customer, although the colleague making the award should complete the standard compensation proforma in each instance.

5.6.3 The award should be used to compensate:

- **Time and Trouble** - if a customer feels that they have had to spend excessive amounts of time or incurred unreasonable costs in pursuing a complaint or getting repairs or other work done. This may be evidenced by our own internal service standards not being met, or
- **Distress** - if a customer feels that something that we have done or not done has caused them unreasonable distress or inconvenience.

5.6.4 Circumstances should be confirmed where a claim for compensation is made. Where specifics cannot be confirmed the colleague taking responsibility for the claim should take a view as to whether to make an award of compensation.

5.6.5 Compensation of up to £150.00 may be awarded. In determining the amount of compensation that should be payable consideration should be given to:

- The severity of our mistake
- The distress and inconvenience caused
- The length of time suffered
- Failures in complaint handling

5.6.6 The following table provides further guidance on the levels of compensation awards dependant on the application of the three key criteria above;

Severity of mistake		Distress		Length of time	
High	£25-50	High	£25-£50	High	£25-£50
Medium	£10-25	Medium	£10-25	Medium	£10-£25
Low	£5-10	Low	£5-£10	Low	£5-£10

5.6.7 Low and medium level awards of £5.00 - £25.00 should be used to recover situations where we have made a mistake and we wish to say sorry and present a positive image of the Group. These awards can be in the form of a cheque or a gift such as flowers or a Love2shop Voucher, if this is thought more appropriate.

## 5.7 Missed Appointments/Costs reasonably incurred (applies to leasehold rented and licensee customers)

### 5.7.1 Missed Appointments.

If a colleague or one of our contractors misses an appointment without prior adequate warning customers can claim compensation for £20.00 or a reasonable amount of lost earnings. Written proof of lost earnings will be required before a compensation award in excess of £20.00 is granted.

5.7.2 A missed appointment is where we are more than one hour later than the time agreed with the customer. For example if we agreed a morning appointment for repairs, compensation will be payable if we do not attend by 1 pm. If a member of our staff is absent due to sickness on the day of the appointment, we should attempt to notify the customer by 10am at

the latest. Compensation will be payable to those with a specific timed appointment before 11am.

### **5.7.3 Costs reasonably incurred (applies to homeowners, rented and licensee customers)**

Any cost incurred by a customer or complainant in making a complaint should be reimbursed to them in full. Examples include electricity used by workmen, photographs, excessive telephone calls, legal advice and independent reports. This payment must not be offset against rent or any other arrears. (See section 6).

### **5.8 The failure to provide a service where a Customer pays a service charge (applies to customers paying a service charge in addition to their rent or license fee)**

5.8.1 The above is applicable to general needs and supported housing customers who pay for services in addition to their rent **only**. (Home Owners, Leaseholders or Freeholders paying for services that are absent will have their charges adjusted when their annual service charge statements are prepared. This process will ensure that these customers are not charged for work not undertaken).

5.8.2 This compensation award relates to the Group's failure to provide any estate services for which customers pay a service charge. Claims for compensation about the **quality** of the service delivered should be dealt with using **5.6** Service failures.

5.8.3 Key estate services are communal gardening and cleaning for which, the following criteria apply.

5.8.3.1 For communal gardening where services have been absent, compensation should be paid to the customers affected. The amount of compensation should equate to the actual weekly charge for the communal gardening service, times the number of weeks during which the service was absent.

5.8.3.2 For cleaning, where services have been absent compensation should be paid to the customers affected. The amount of compensation should equate to the actual weekly charge for the cleaning service times the number of weeks during which the services was absent.

5.8.4 For window cleaning, where services have been absent compensation should be paid to the customers affected. The amount of compensation should equal the actual weekly charge for the window cleaning service times the number of months during which services were absent.

5.8.5 Compensation for other services where charges apply should be calculated using the above criteria as a guide.

### **5.9 Where rooms/amenities cannot be used (applies to rented and licensee customers only)**

5.9.1 If part of a customer's home or its amenities is unavailable due to repairs, which we are responsible for carrying out, compensation may be awarded. This should be calculated based on the proportion of rooms that are out of use and the amount of rent payable. Compensation will only be payable for the time between the target date for completion and the date the work is finished.

5.9.2 In these cases we should make a compensation payment equivalent to:

Kitchen	20% of the rent for the period
Bathroom	20% of the rent for the period, reduced to 15% if there is a separate w.c.
Living room	20% of the rent for the period
Bedrooms	If used 10% of the rent for the period.
Heating and hot water	20% of the rent for the period.

5.9.3 Where the whole of a property cannot be used while major work is done temporary alternative accommodation shall be provided. In these circumstances where a customer has to be 'decanted' a disturbance allowance is paid. More details can be found in the Group's Home Loss and Decanting Policy.

## **6.0 COMPENSATION PAYMENTS – THE RIGHT TO OFFSET**

6.1 Monetary compensation awards will be paid by cheque to claimants. 'Compensation' can be offset against arrears or other debts owed to the Bromford Housing Group or it's members but not 'loss and damage' or 'costs reasonably incurred' payments. These should always be paid. We must pay any reasonable costs incurred or replace belongings i.e. we must put back the situation as it was before the wrongdoing.

6.2 For clarity 'compensation' is money paid to account for things that are difficult to measure, such as inconvenience or feelings. Loss or damage relate to financial loss and/or damage to belongings.

## **7. EQUALITY AND DIVERSITY**

7.1 The Group has an equal opportunities and diversity policy that covers all aspects of equalities. This policy has been subject to an Equality Impact Assessment. The Group is taking action to ensure that this policy is accessible to all customers and that customers using this policy can expect to be treated fairly and without discrimination.

## **8. MONITORING**

8.1 Compensation awards will be recorded on a spreadsheet to allow the Advance Team to analyse payments made by Group members, compensation event, operational team and level. This information will be reviewed annually to enable the Group to identify trends, provide additional guidance to ensure the consistency of awards made and identify areas for Customer Service training and development.

## **9. REVIEW**

9.1 This Compensation Policy will be reviewed every 3 years by the Group. Group member Board's, customers and colleagues will be involved in the review.

[Click here to view Equality Impact Assessment](#)

## Appendix 1



### Compensation request form

<b>Name</b>		
<b>Address</b>		
<b>Date of request for compensation</b>		
<b>Which of the following is compensation being claimed</b>	<b>Tick as appropriate</b>	
<b>Compensation for Improvements</b>		
<b>Right to Repair</b>		
<b>Service failure – including 'sorry' awards</b>		
<b>Loss and Damage to possessions</b>		
<b>Missed Appointments</b>		
<b>Costs reasonably incurred</b>		
<b>Failure to provide a service where a charge is levied</b>		
<b>Loss of a room/amenities</b>		
<b>Details of the claim</b>		
<b>Amount of compensation being awarded and for</b>		

<b>which category of compensation</b>	
<b>Justification for the award</b>	
<b>Authorised by</b>	

**Monitoring Information**

<b>Date offer sent</b>		<b>Group Member?</b>	<b>e.g Fosseway</b>
<b>Offer accepted</b>		<b>Operational Team</b>	<b>e.g. Housing services</b>
<b>Amount to be off set against Rent/ Service charge account, if any</b>		<b>Resolved in 21 working days</b>	<b>Yes/No</b>
<b>Amount to be sent to customer via Cheque</b>		<b>Acknowledged in 5 working days</b>	<b>Yes/No</b>

## APPENDIX 2 COMPENSATION POLICY

### QUALIFYING IMPROVEMENTS AND FORMULA FOR CALCULATING AMOUNT OF COMPENSATION

Below is a list of improvements that tenants can make to their home at their own cost:

Qualifying Improvements	Notional Life (years)
Bath or shower	12
Wash-hand basin	12
Toilet	12
Kitchen sink	10
Storage cupboards in bathroom or kitchen	10
Work surfaces for food preparation	10
Space or water heating	12
Thermostatic radiator valves	7
Insulation of pipes, water tank or cylinder	10
Loft insulation	20
Cavity wall insulation	20
Draught proofing of external doors or windows	8
Double glazing or other external window replacement or secondary glazing	20
Rewiring or the provision of power and lighting or other electrical fittings (including smoke detectors)	15
Any object which improves the security of the dwelling, but excluding burglar alarms	10

**The formula for calculating the amount of compensation is as follows:**

$$\frac{C}{N} \times (N - Y)$$

C = Cost of the improvement (less any grant received)

N = Notional life of the improvement

Y = Number of complete years since the improvement was made (part years are rounded up)

#### **Right to compensation for improvements – example**

A tenant installs a bathroom suite costing £480.00 . The notional life is 12 years

The improvement is discounted at £40 per year

The tenant claims compensation 4 years after the improvement is made.

Notional life minus number of year's improvement completed

12 years – 4 years = 8 years. Cost divided by notional life =  
depreciation/discounted amount

£480/12years = £40 per annum

Depreciation x number of years

£40 x 8 years = £320

Total compensation due =£320

