



## **POLICY: COMPENSATION**

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Copies of this Policy may be made available in alternative formats on request.

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## **POLICY: COMPENSATION**

All reference to 'we', 'our' or 'us' in this Policy should be read as meaning Sandbourne Housing Association.

### **1. Purpose and aim of the Policy**

1.1 The Policy sets guidelines for:

1.1.1 compensation to tenants for service failure

1.1.2 compensation to tenants who, through no fault of their own, lose the use of their home, or part of their home, or who are required to move home either permanently or temporarily

1.1.3 compensation in the case of complaints.

### **2. Scope of compensation**

2.1 This Policy applies to:

2.1.1 Our temporary and permanent tenants

2.1.2 applicants

2.1.3 other parties directly or indirectly affected by our actions

### **3. Definitions**

3.1 Major repairs: usually defined as structural works

3.2 Improvements: fitted kitchens, windows, central heating, sanitary ware, etc, but not redecoration

3.3 Complainant: any person making a complaint against us

### **4. Our responsibility**

4.1 It is the responsibility of the Chief Executive to ensure that this Policy is correctly implemented.

### **5. Circumstances under which compensation may be paid**

5.1 We will consider the payment of compensation in the following circumstances:

- 5.1.1 where a tenant has been unable to use a room(s) for more than 72 hours due to disrepair or where the resident has been temporarily re-housed whilst improvements or repairs have been carried out
- 5.1.2 where a tenant has chosen to remain in occupation whilst major improvements or major repairs have been carried out, compensation will **not** be paid
- 5.1.3 where a resident is compulsorily relocated from their home
- 5.1.4 reimbursement for non-provision of a service which we are committed to provide but have failed to do so for longer than we consider reasonable in the circumstances
- 5.1.5 on termination of the tenancy where a tenant has carried out qualifying improvements to their home, and with our written consent
- 5.1.6 where a tenant reports a qualifying repair and we fail to undertake the repair requested within an acceptable and agreed period of time (subject to the 'Right to Repair' provisions)
- 5.1.7 where we consider a complaint is serious enough, or there are exceptional circumstances, to warrant a discretionary compensation payment.
- 5.2 All compensation or ex-gratia payments made will be solely at our discretion and will be reported to the Board.

## **6. Loss of use of part of the property**

- 6.1 This might happen, for example, where works are being carried out which prevent the tenant from using one or more rooms in their home for an extended period, but the remainder of their property is still habitable.
- 6.2 We will calculate the payment by reference to the number of rooms and floor area affected as a proportion of the net rent. Where a contractor has failed to undertake a repair, or the repair has proved defective, we will seek to recover from the contractor any compensation paid.

## **7. Major repair or improvement whilst resident is in residence**

- 7.1 A standard payment for each full week of disturbance will be made to tenants who remain in occupation whilst improvements or major repair works are carried out (see *Definitions – Section 3*).
- 7.2 Payment will normally be made at the completion of the work. Where a tenant is in arrears of rent, or other debt owing to us, any award of compensation, other than statutory or regulatory matters, will be applied to offset the debt.

## **8. Temporary relocation**

- 8.1 Where a property is being substantially altered and/or repaired, we will meet, where necessary, the following costs in connection with a transfer to alternative accommodation on a temporary basis:

- 8.1.1 **Removal costs** of furniture and effects, including the provision of packing cases or storage facilities where appropriate
- 8.1.2 **Carpets** – lifting and refitting, where required
- 8.1.3 **Disconnection and reconnection costs** for items such as cookers, telephones, satellite dishes, electric showers, washing machines and gas fires, where applicable
- 8.1.4 **Mail redirection costs** charged by Royal Mail
- 8.1.5 **Meters** – any reading/emptying required.
- 8.2 We will also pay a disturbance allowance after the works are completed.
- 8.3 Where we alter the internal layout of a property or replace windows with patio doors, a payment will be made for replacement carpets and/or curtains, providing the existing cannot be refitted within the property. This payment will be made on a 'like-for-like' basis, according to the standard of the previous carpet/curtains, and will take into account a deduction for depreciation, where appropriate. If the carpet/curtains are in extremely poor condition and would have little or no value, then the tenant will **not** receive a payment.

## **9. Permanent compulsory relocation**

- 9.1 A tenant may be asked to move permanently to alternative accommodation for the following reasons:
  - 9.1.1 site redevelopment
  - 9.1.2 improvements/major works
  - 9.1.3 demolition of the property.
- 9.2 In the above cases, the payments detailed for temporary relocation will be paid, and the following additional payments will be available:
  - 9.2.1 Other reasonable costs within the scope of Section 37 of the Land Compensation Act 1973. These costs may be individual to the tenant concerned and will be agreed by the Chief Executive. For example, if a tenant has a gas cooker and is moved to a property without gas, payment for a new electric cooker may be agreed.
  - 9.2.2 A Home Loss payment for tenants whose tenancy exceeds one year in length. Home Loss payments, currently £6,300 (31 July 2018), are governed by the Land Compensation Act (1973) as amended by the Home Loss Payments (Prescribed Amounts) (England) Regulations 2014. See section 29 (1), (d) and (e), which defines our liability.

## **10. Compensation for improvements**

- 10.1 The following persons are entitled to claim for qualifying improvements (secure tenants only):

- 10.1.1 tenants who made the improvements
- 10.1.2 anyone who subsequently became a joint tenant of the property
- 10.1.3 a person succeeding to the tenancy on the death of the tenant
- 10.1.4 assignees who would have qualified to succeed to the tenancy on the death of the tenant
- 10.1.5 a spouse, former spouse or co-habitee to whom the tenancy was assigned or transferred by a court order following a relationship breakdown.
  
- 10.2 When a tenancy ends, the people listed above are entitled to claim compensation for the following qualifying improvements to their property:
  - 10.2.1 bath or shower, wash-hand basin and toilet
  - 10.2.2 kitchen sink and work surfaces for preparing food
  - 10.2.3 storage cupboards in bathroom or kitchen
  - 10.2.4 central heating, hot water boilers and other types of heating
  - 10.2.5 thermostatic radiator valves
  - 10.2.6 pipe, water tank or cylinder insulation
  - 10.2.7 loft and cavity wall insulation
  - 10.2.8 draught-proofing of external doors or windows
  - 10.2.9 double-glazing or other window replacement or secondary glazing
  - 10.2.10 rewiring, or the provision of power and lighting or other electrical fittings (including smoke detectors)
  - 10.2.11 security measures (excluding burglar alarms).
  
- 10.3 We will consider paying compensation for other improvements if they enhance the property. We will **not** pay compensation for interior decoration (wallpapering and painting).
  
- 10.4 These improvements must have been started on or after 1 April 1994 and carried out with our written consent (which may be obtained after the work has been completed at our discretion). Tenants should submit three quotes from legitimate contractors and indicate which they intend to choose and why.
  
- 10.5 Tenants must claim within fourteen days of the end of their tenancy and give us the following information:
  - 10.5.1 name and address
  - 10.5.2 what improvements have been made
  - 10.5.3 how much each improvement had cost (with invoices)
  - 10.5.4 the start and completion dates of each improvement.
  
- 10.6 We will give improvements made under this scheme a notional value and “life” when permission is granted. Depreciation will be deducted from any payment made. For example, if a particular improvement is valued at

£2,000, and given a 'life' of 12 years, the resident will be reimbursed 1/12ths per year for the remaining term.

- 10.7 A maximum of £3,000 can be awarded for any one improvement; but no compensation will be paid where the value is under £50. We will pay compensation for materials and labour but not appliances such as cookers and fridges, and not the tenant's own labour.
- 10.8 If the tenant had been given a grant to complete the work, we will take this value off the compensation awarded. We can also pay less compensation if it is felt that the improvement was over-priced, or that it is of a higher quality than it would have been if we had carried out the work. We can also deduct any outstanding arrears from the amount awarded.
- 10.9 If we terminate the tenancy via legal action the tenant will not normally be entitled to such compensation.

## **11. Right to repair**

- 11.1 Certain essential repairs, which cost under £250 (including VAT), fall under the Right to Repair legislation. This entitles tenants to compensation if we twice fail to complete the repair within the agreed timescales.
- 11.2 If we fail to complete a repair within the second timescale agreed, then the tenant shall be entitled to compensation of £10, plus £2 per day (up to a maximum of £50) for every day the repair remains outstanding after the end of this second period.

## **12. Loss of heating or hot water**

- 12.1 Compensation will be paid where there is a total loss of heating and/or hot water during winter (1 October – 30 April) and which extends beyond the target timescales for the repair.
- 12.2 Where water can be heated by an immersion heater and/or heating can be provided by fires, compensation will not be payable. We will **not** pay compensation if the failure is the fault of the utility companies.
- 12.3 Compensation will be paid at the following rates (September) – reviewed on an annual basis in line with CPI (Consumer Price Index):
- |        |                               |                      |
|--------|-------------------------------|----------------------|
| 12.3.1 | Loss of hot water             | £2.52 per day (2019) |
| 12.3.2 | Loss of heating               | £5.04 per day (2019) |
| 12.3.3 | Loss of heating and hot water | £7.57 per day (2019) |
- 12.4 We will provide alternative heating, wherever possible.
- 12.5 Compensation will then be paid to reflect the difference in running costs for the period; at a maximum rate of £3.03 per day.

### **13. Discretionary compensation**

- 13.1 At our discretion, we may make goodwill payments in respect of any matter not covered in other sections of this Policy.

### **14. Decorations**

- 14.1 Where decorations are damaged significantly as a result of works, an allowance will be paid in line with the current schedule of decoration allowances. If the tenant prefers, we will carry out the decoration work.

### **15. Re-let standards**

- 15.1 When properties are re-let to new tenants, they should meet an agreed standard of cleanliness and repair. If the in-coming tenant feels that the property does not meet this standard on the tenancy commencement date, the property will be inspected and a plan will be agreed to bring the property up to standard.
- 15.2 If we agree that the property was let in an unacceptable condition, we will normally pay the in-coming tenant £50.

### **16. Circumstances where compensation will not be paid**

- 16.1 We will not pay compensation in the following circumstances:
- 16.1.1 when the loss/damage is caused accidentally, willfully or through neglect by the tenant or his/her visitor(s)
  - 16.1.2 when contractors cannot gain access to a tenant's home to carry out repairs
  - 16.1.3 when contractors cannot get spare parts and have kept the tenant informed
  - 16.1.4 when extra unforeseen works are required and contractors have kept the tenant informed
  - 16.1.5 when the service or facility is unavailable because of vandalism, severe weather conditions or other actions outside of our control
  - 16.1.6 when evidence of damage to goods is not available
  - 16.1.7 when the loss/damage arises from an alteration or repair to the property which the tenant has carried out or arranged, such as an incorrectly installed shower
  - 16.1.8 when the loss/damage is the fault of another tenant or neighbouring occupier, for example water damage from a leaking washing machine
  - 16.1.9 when the loss/damage is due to the acts or negligence of a third party, such as a contractor who is not acting on our behalf. This includes any problems arising from any private arrangements tenants may have made with one of our own contractors
  - 16.1.10 when we have acted reasonably and complied with legal and contractual liabilities
  - 16.1.11 when we have offered reasonable alternative arrangements to cover for an interrupted service



16.1.12 when the claim under consideration is already covered by insurance or is the responsibility of another party.

**17. Insurance**

17.1 We have comprehensive buildings insurance cover for its stock. However, this does not include contents insurance for tenants who are encouraged to obtain their own contents insurance.

**18. Monitoring and review**

18.1 We will review this Policy annually and, where appropriate, will update allowances in accordance with the Consumer Price Index in September each year.

**19. Equality impact assessment/Protected characteristics (as at 8 January 2019 or later amendments/additions)**

19.1 Neutral.

**20. Consultation arrangements**

20.1 Our staff will be consulted on this Policy and any reasonable suggestions will be taken into account before the Policy is approved by the Board.