



Ongo Homes

Leasehold Service Charge Arrears Policy

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4.0	Health Check	November 2020	HoST	October 2023
3.0	Health Check	September 2015	HoS	September 2021
2.0	Policy Review	June 2016	NLH Board	July 2013

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1. Our policy...

- 1.1 At Ongo Homes (OH), we manage a stock of residential leasehold properties
- 1.2 We have a duty to charge our leaseholders for services carried out to the building and communal areas where they live. We must make sure that income from tenants' rent payments does not subsidise the services provided to leaseholders.
- 1.3 An estimated bill is produced for all leaseholders annually. Leaseholders should make payments based on this bill until we reconcile the account in the following financial year. Where payments are not made in line with agreed methods, action will be taken to ensure recovery of funds.
- 1.4 This policy outlines the recovery methods available to OH. It will ensure a consistent approach is taken whilst having regard to each leaseholder's individual circumstances.

2. It applies to...

- 2.1 This policy applies to Ongo Homes' leaseholders and shared owners.
- 2.2 It covers **leasehold service charges** levied by OH. The collection of housing tenant rents and service charges is covered within OH's Income Collection Policy.

3. Aims of the Policy

- 3.1 The aims of this policy are:
 - To maximise the service charge income collected by OH
 - To ensure leaseholders have the information and support they need to maximise their income and prevent or minimise their debt
 - To provide an equitable, consistent and robust approach to the collection of leasehold service charges

4. Policy principles...

4.1 Obligations under the lease covenants to pay service charges

- 4.1.1 All leases state the leaseholder must pay rent and service charges.

4.2 Calculation of service charges

- 4.2.1 Service charges represent the cost of providing services to a particular area (such as a block or estate) plus the organisation's administration/management charge, apportioned as described in the lease(s).
- 4.2.2 Service charges are calculated annually based on the estimate as described in the Leasehold Management Policy.
- 4.2.3 OH will consider alternative payment terms for the annual charge outside of the terms of the lease on an individual basis.

4.3 Reductions in service charges

- 4.3.1 The final figure of service charge expenditure will not be known until after the end of the financial year and may vary (either up or down) from the estimated bill initially issued.

4.3.2 Once the final service charge account has been issued, the charge will be considered to have been finalised and will only be reduced in the following circumstances:

- The calculation can be shown to be incorrect because of a mathematical oversight. The amount will then be recalculated
- Costs have not been apportioned as required by the terms of the lease
- OH has been ordered to reduce the charge by The First Tier Tribunal (FTT) Property Chamber. The amount of the reduction will be the amount ordered by the tribunal
- If a dispute is raised over the validity of a charge then a referral will be made to the Home Ownership Team
- A leaseholder has had a complaint upheld under the OH complaints procedure that a service which has been charged for has not actually been received for all or part of the year. The reduction will be the amount charged for the particular service for the period of complete service failure only.

4.3.3 Any individual reduction of service charge will be investigated for the impact on other leaseholders within the block or estate who were also recharged for the same works or services. If it is deemed fair, reasonable and in accordance with the terms of the lease, the reduction will be applied to all leasehold properties within the block and/or estate.

4.4 Service charge arrears

4.4.1 We will take prompt action if leaseholders fail to pay their service charges on time.

4.4.2 Debtors will be contacted and asked to pay regular charges within a reasonable period (usually 28 days), and in line with our current service charge arrears recovery procedure.

4.4.3 Service charges will not be reduced on the grounds that a leaseholder is vulnerable, on a low income or has serious debts. Instead we will take a sensitive and flexible approach to debt recovery and will allow payment of larger bills over a longer period than would normally be acceptable. Assistance with budget management, funding advice and support may be offered in appropriate cases.

4.5 Recovery

4.5.1 OH will take legal action to recover service charge arrears if other courses of action in line with the Service Charge Arrears Recovery Procedure have proved unsuccessful. Any legal action taken will be appropriate and proportionate.

4.6 Disputes

4.6.1 Circumstance may arise where a leaseholder believes that their service charge is too high. Common reasons for dispute or withholding payment may include:

- The quality and/or standard of a service has been poor
- A service charged for has not been received
- The charge has been calculated incorrectly
- Repair works have not been completed to a satisfactory standard

4.6.2 A leaseholder who formally refuses to pay part or all of a charge will be considered to be "in dispute" over their charges rather than simply as a non-payer.

4.7 First Tier Tribunals (FTTs)

4.7.1 Where Ongo's internal review or Complaints and Feedback Procedure have been exhausted, leaseholders have the option of referring their case to the First Tier Tribunal (Property Chambers).

4.7.2 The FTT can determine a wide range of disputes, including:

- Disputes about the terms and price of buying the freehold or extending a lease
- Disputes about the liability to pay, and reasonableness of, a service charge, an administration charge, or an estate management scheme charge
- Disputes relating to building insurance
- Whether it would be appropriate to appoint a new manager in a block of flats
- Whether a residential long lease (primarily of flats) should be varied
- Disputes relating to the Right to Manage
- Alleged breaches of a lease prior to a landlord serving a notice under Section 146 of the Law of Property Act 1925
- Whether a dispensation should be granted in respect of the consultation requirements under section 20 of the Landlord and Tenant Act 1985

4.8 Debt Advice and Leaseholders with Serious Debts

4.8.1 Leaseholders who are in arrears with their service charges and also have other debts will be offered the same support as renting tenants.

4.9 Confidentiality and Data Protection

4.9.1 We comply with the General Data Protection Regulation (EU) 2016/679 ('the GDPR') and the Data Protection Act 2018 ('the DPA') and do not share personal data with third parties without their consent except under circumstances allowed by the GDPR and DPA.

4.9.2 This means that we may discuss arrears cases and action we are taking with other parties such as advice agencies but we will not disclose information about the personal circumstances of leaseholders unless we have their permission to do so.

4.10 Complaints and Review

4.10.1 If customers are dissatisfied with the way their case has been dealt with, they can make a complaint in accordance with our Complaints and Feedback Policy.

5. Making sure we do what we say...

5.1 The Head of Property is responsible for ensuring this policy is implemented.

5.2 The Home Ownership Manager is responsible for monitoring the service and ensuring it complies with the requirements of this policy.

5.3 All employees who are involved in providing advice and assistance to leaseholders are responsible for ensuring they comply with the requirements of this policy.

5.4 OH monitors performance on the collection of leasehold service charges annually. Key Performance Indicators are in place in order to continue the reduction of historic service charge arrears in each financial year.

6. Other things to bear in mind...

6.1 The main pieces of legislation and regulation relevant to this policy include:

- Housing Act 1996
- S3 of the Landlord and Tenant Act 1927
- Landlord and Tenant Act 1985
- Law of Property Act 1925
- Leasehold Reform Act 1993
- Commonhold and Leasehold Reform Act 2002

6.2 This policy links to the:

- Complaints & Feedback Policy
- Leasehold Management Policy
- Bad Debt & Write Off Policy

7. We'll look at this again...

7.1 This policy will be reviewed every three years unless there are any substantial changes to legislation or regulation, or deficiencies are found which necessitate an earlier review.