

Compensation and Goodwill Payments Policy

Responsible Officer	Executive Director of Customer Services Executive Director Governance and Integration
This policy is applicable to	Karbon Homes Group
Approved by	Executive Team
Date approved	March 2022
Frequency of review	Every 3 years
Date of next review	July 2024
Implementation date	September 2021
Key related documents (policy, procedure, customer literature)	Complaints, Compliments and Suggestions Policy Karbon Delegatory Framework Repairs and Maintenance Policy Customer Service Standards
Sources of best practice or guidance used in developing this policy	The Right to Repair and The Right to Compensation for Improvements Leasehold Reform, Housing and Urban Development Act 1993 Statutory Instruments 133/94,613/94, 841/94 and 73/97 Land Compensation Act 1973 and Home Loss Payments (Prescribed Amounts) England Regulations 2020 (Statutory Instrument 2020 No.739) Planning and Compensation Act 1991 Housing Ombudsman Service-Compensation Policy-Guidance for Landlords

Version control			
Version number	2	Author of Policy	Karen Sinden- Governance and Risk Coordinator
Equality Impact Analysis	Initial	Equality Analysis Date	16 June 2021
Privacy Impact Analysis	Initial/Full	Privacy Analysis Date	

Document change history		
Version	Date	Changed sections
1	March 2018	First publication
2	June 2021	All sections revised, reference to Housing Ombudsman

		guidance on Compensation; Appendix 2 detail revised
2.1	July 2021	Change of ownership from Executive Director Governance and Integration to Executive Director Customer Services (following Executive Team); amendment to authorization structure for payments; clarification of exceptions
2.2	December 2021	Change to authorization structure for payments following communication of policy and further KMT/ Exec Team discussion (Governance updates November 2021)
2.3	March 2022	Change in authorization structure for Heads of Service (following Executive Team discussion November/ December 2021).
2.4	April 2024	Section 6 Customer Vulnerabilities added

Consultation	
Consultation Group (if applicable)	Date of Consultation (if applicable)
Staff	n/a
Union(s)	n/a
Customers	n/a
People & OD	n/a
Health and Safety Working Group	n/a
Data Protection	n/a
Procurement	n/a
Other stakeholder (please state)	KMT and Executive Team Housing Finance Customer Services Operations Development Business Development Customer Experience

Policy statement
This policy sets out our approach to considering and offering both discretionary and statutory compensation

Risk policy is designed to control
To ensure we meet all regulatory and legislative requirements regarding offering and paying compensation.

Key performance measures
<ul style="list-style-type: none"> Number of offers of compensation, including category of claim for compensation Total amount of compensation offered.

Definitions

There are 3 'types' of compensation:

- a) Mandatory compensation is a payment that we **have to** make because the law dictates that we must pay it and will be automatically awarded in particular circumstances. Please see the *Mandatory Compensation Appendix (Appendix 1) at the end of this policy for further information on when statutory compensation will be paid.*
- b) Quantifiable loss payments is a payment that we make where someone can demonstrate actual loss
- c) Discretionary compensation is a payment that we **choose to** make. Discretionary compensation payments are not made automatically and we are not obliged to make these. They may be considered if requested by a customer or offered as part of a response to a complaint, if this is considered appropriate and proportionate. There is no legal or regulatory requirement to make discretionary compensation payments. In the event of a failure in service, this will be linked into the Complaints Procedure. In all cases our emphasis is on improving our service or putting right a service failure.

Compensation: a payment, either obligatory or discretionary, of a sum of money in recognition of loss or detriment to a complainant

Complaint: "An expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the organisation, its own staff, or those acting on its behalf, affecting an individual resident or group of residents".

Abbreviations

Not applicable

1.0 Purpose of policy

The purpose of this policy is to set out the circumstances under which compensation will be considered and/or paid by Karbon Homes, York Housing Association, Byker Community Trust, or one of Karbon's subsidiary companies. It is closely linked with our Complaints Policy and Procedures.

The Housing Ombudsman expects social housing landlords to have a compensation policy which provides guidance on when they will consider offering compensation or a payment as a goodwill gesture.

The policy is also in accordance with our regulatory requirements to give our tenants and customers information about our responsibilities and sets out where we will pay compensation as a statutory or legal requirement.

2.0 Scope

The policy outlines the circumstances where we might pay compensation to a tenant, property purchaser, leaseholder, shared owner or any of our customers.

This policy does not apply to people who may be occupying any of our properties by way of a licence, or to other members of the public with whom we do not have a contractual relationship.

The policy applies to Karbon Homes, York Housing Association, Byker Community Trust and other subsidiaries of the Karbon Homes Group.

3.0 Objectives

The aims of the policy are to ensure that:

- Customers receive a fair, proportionate and efficient settlement where compensation claims are valid.
- The Karbon Homes Group meets its legal obligations on compensation claims.

4.0 Policy detail

4.1 Introduction

There may be occasions where our standard of service falls below acceptable levels. Where this happens, we will investigate what has gone wrong and we will use what we learn to improve our services. Sometimes, we may offer compensation, although other appropriate and proportionate remedies will also be considered.

We will work with customers to consider and offer appropriate compensation in accordance with the policy, where we believe we have been at fault or our service has fallen below our expected standards of service. The aim of providing redress is to restore a person to the position they would have been in had the service failure not occurred.

In considering any offer of compensation, we will look at the specific circumstances around each situation, complaint or claim and whether this could be considered as meeting the criteria for a statutory or discretionary payment. Each case will be considered on its own merits, whilst ensuring consistency. We will take into consideration the duration of the complaint, the extent or severity of the service failure, and the specific circumstances of the claimant. We will be honest if we are not able to offer compensation if to do so would be inconsistent with this policy or legal guidelines.

Customers are encouraged to use our formal complaints process to raise and escalate concerns, although this is not always a requirement for compensation to be considered. A formal complaint does not guarantee that compensation will be paid but it may be given when a complaint is upheld and, under the terms of the policy, it is considered that compensation should be awarded. We may sometimes proactively reimburse a customer without the need for a claim, particularly where the facts of the situation are not in dispute.

Where a compensation payment is made, this will be accompanied by an explanation as to how the failure occurred, a demonstration of learning and our commitment to making service improvements, as well as our recognition of our failure to meet our usual standards of service.

In legal terms, any payment made in respect of discretionary compensation is purely a gesture of goodwill and is not an admission of guilt or liability. Any compensation offered will be made 'without prejudice' to any potential or future legal claim which may be pursued.

4.2 Mandatory Compensation

Mandatory, or statutory, compensation payments are legally defined. Detail about these can be found at Appendix 1 at the end of this policy.

These payments could include home loss, disturbance, improvements and payments under the Right to Repair scheme.

4.3 Quantifiable damage and loss

These payments will be made where a customer suffers quantifiable damage (or loss) as a result of our action or failure to take action. Quantifiable compensation will reflect the value of the actual loss or damage so that the customer is put back in the position they were in before our intervention.

These payments could include:

- Increased heating or utility bills
- Costs incurred for alternative accommodation, equipment or food
- Accidental damage by a person carrying out maintenance
- Additional cleaning costs incurred
- Customer carrying out repairs where we have failed to meet our repair obligations.

The following will apply:

- Any financial loss must be directly attributable to the service failure and this failure should first be acknowledged by Karbon Homes
- Any costs incurred are judged to be reasonable in the specific circumstances.
- The customer acted where possible to mitigate the effects, and not to worsen the situation.
- Any losses are verifiable and supported by evidence i.e. with receipts, gas/electricity accounts, photographs
- Assessments related to inconvenience for distress will take into account the overall length of period involved and severity of distress.

Customers should be able to produce appropriate levels of evidence, detailing amount of compensation sought and the reason why it is being claimed. Where possible, customers should notify Karbon Homes of the action that is needed, or that costs are being incurred, before, or within a reasonable timescale, of this happening. We consider a reasonable timescale for notification to be within 14 days of the action taken, the action being planned, or the costs being incurred.

Where the customer is claiming for damage to a particular item, that item must be retained for the duration of the claim in order that Karbon Homes may inspect that item.

In most circumstances, we will not be present at the time of loss or damage and the ultimate responsibility to evidence and pursue a claim will rest with the customer.

Where negligence on our part can be proven, compensation will be paid to cover any excess payable where the customers own contents insurance could have reasonably covered the problem.

We have insurance, which may pay out if a customer suffers loss or personal injury due to negligence. All such cases will be referred to our insurance providers.

Where a contractor acting on our behalf causes any loss or damage, we will assist the customer to make a claim against the contractor. We will ensure that all contractors have public liability insurance.

4.4 When we will consider paying Discretionary Compensation

We will consider offering discretionary compensation or a goodwill payment where financial loss, damage, unreasonable delay or detriment, major disruption, or inconvenience is caused as a result of our actions or lack of action, or those of someone working on our behalf. This may include:

- Poor complaint handling on our behalf, for example, an unreasonable amount of time being spent by a customer pursuing a complaint that was eventually upheld
- Service specified in service charge not provided
- Failure to provide a service that has been charged for
- Failure to meet a published service standard, meet published timescales or follow approved policy and procedure leading to the customer being disadvantaged by the failure
- Lack of clarity about our response times, not giving sufficient or timely information about our response, not keeping customers advised of progress or not providing feedback.
- Our teams, or someone appointed to work on our behalf, missing an appointment without advising a customer in advance
- Substantial or partial redecoration of a room/ area required because of our action
- An increase in a customer's utility bills due to use of electric heaters as a temporary solution beyond published repair timescales, where no exact evidence or quantification of loss has or can be provided.
- Failure to maintain a customer's home at an acceptable standard of repair, or respond to repair requests within our set standards
- Damage to a customer's possessions as a result of our actions or lack of action, where no exact evidence or quantification of loss has or can be provided.
- Distress and inconvenience due to unreasonable amount of time taken to resolve a situation.
- Failure to satisfactorily replace non-working item provided under the Furniture Service within 10 working days of notification of issue (and we have not been able to provide alternate solution).

(Note that this is not an exhaustive list, as there may be other circumstances when we may consider a discretionary/ goodwill payment).

Where we consider that it is appropriate to pay compensation for damages or loss, the amount claimed should be supported by evidence, where possible, and will reflect the actual damage done or loss incurred. This evidence may include invoices and receipts. If at all possible, Karbon should be made aware of any potential spend in advance of this being incurred.

The aim of the redress, in all cases, is to put the customer back in the position that they would have been in but for the service failure.

4.5 Fixed and Variable Discretionary Payments

Where compensation or remedy falls within the Discretionary Payments part of this policy, remedies may be either fixed or variable, depending on circumstances. Appendix 2 sets out our main categories for these remedies, and indicative details of how we might assess or calculate a compensation payment, though each case will be assessed on its own merits.

4.6 Other Discretionary Remedies

Compensation may not always be in the form of a monetary payment. We may also consider other forms of recourse, either in full or partial settlement of a complaint. This may include:

- Offering to undertake repairs or redecoration that would otherwise be a customer's responsibility
- Gestures of goodwill, such as vouchers, chocolates, or flowers.

4.7 Categories for assessment of Discretionary Compensation

Appendix 2 sets out how we might calculate discretionary compensation. However, elements of compensation calculations may also be dependent on the context of the situation, the complaint, or the customer's particular circumstances.

We may apply an assessment as to the severity of the service failure and associated impact. The categories that we will use for such an assessment are severe, moderate and minor.

Severe

- Where our failure to meet our service standards has caused a high level of inconvenience or detriment
- Where a customer has evidence that they have tried to contact us on several occasions to resolve a serious or significant problem, for example, by phone or e-mail.
- A repeated and serious failure in service standards.

- Either the severity of the event or a persistent failure over a period of time or an unacceptable number of attempts to resolve and address a concern.

Moderate

- Where we have continued to fail to meet our service standards.
- Where we have not clearly explained our policy or procedures to a customer or our information is not clear which has caused inconvenience or distress.
- Where the compensation event is evidently an injustice to the customer and the service has markedly failed to meet the required standards.

Minor

- Where we have failed to meet our service standards and the customer has just cause but has not suffered significant inconvenience or distress.
- For example, where we have failed to contact a customer within a specified timescale or keep them updated.

4.8 Exclusions

Claims for discretionary compensation will not be considered where:

- The loss or damage is a result of routine failure of a building's structure, fixtures or fittings where we have not been negligent.
- The non-availability of parts or materials has resulted in the loss of service and this has been communicated with customers
- Service failure is the result of extreme or unforeseen conditions beyond our control i.e. weather conditions, such as storm or flood, where we have taken reasonable steps to restore services or facilities under prevailing conditions.
- The delay has been caused by severe weather that would have made it unreasonable, or dangerous, for works to be carried out
- Service failure is due to interruptions in electricity, gas or water supply as a result of the non-performance of utility companies or through the actions of the customers.
- The loss or damage is the customers own fault, including failure to report repairs in a timely manner, or keep appointments, or is due to the misuse, vandalism or neglect by the customer, their family or visitors to their home. This includes situations where damp and mould has arisen due to way of living..
- The loss or damage arises from an alteration or repair which the customer has arranged or carried out themselves, unless this is due to a failure on behalf of Karbon to undertake a repair within a reasonable period of time and the customer has notified of an intention to seek their own remedy (which is covered under the Right to Repair compensation)
- The loss or damage is due to acts of negligence or omissions by a third party i.e. a visitor, adjacent occupier or contractor who is not acting on our behalf.
- We have acted reasonably and complied with legal and contractual liabilities.
- A claim is made by a customer as a consequence of failure by them to take out contents' insurance.
- The damage is covered, or would be covered, under contents insurance
- The claim relates to personal injury

- Legal proceedings have commenced or a claim for compensation has been made via the Housing Ombudsman or Karbon or York's insurer
- It has been necessary to use a customer's water/electricity in order to undertake a repair, within a reasonable expectation
- The loss relates to earnings
- The claim for compensation is pursued in a vexatious, abusive or aggressive manner.

5.0 The Process

5.1 How customers can make a request for discretionary compensation

Customers should make requests or notify us of their intention to make a claim, for quantified or discretionary compensation within 3 months.

Claims can be initiated in the following ways:

- By telephone to our Customer Relationship Team on 0808 164 0111 between the hours of 8am and 6pm, Monday to Friday
- By email to our Customer Relationship Team at: info@karbonhomes.co.uk
- In writing to our Head Office address: Number Five, Gosforth Park Avenue, Gosforth Business Park, Newcastle upon Tyne, NE12 8EG
- Face to face, or in writing with any member of staff, including contractors working on Karbon's behalf
- Via our website: www.karbonhomes.co.uk
- Via Karbon's social media pages, using Twitter Direct Message and Facebook Messenger
- Via a Councillor or MP or other relevant third party (e.g., Housing Ombudsman or consumer rights organisation)

We will accept claims from a customer's authorised contact.

5.2 Who can authorise compensation payments

Up to £50: all colleagues are authorised to undertake a goodwill gesture of compensation, which includes a card, chocolates, flowers or another appropriate method (outlined in Appendix 2).

Up to £250: Manager or Customer Feedback Specialist

Up to £1000: Head of Service; Customer Experience Manager

Up to £2500 Director, Assistant Director or member of Karbon Management Team (KMT) (See Appendix 2 for note on Disrepair Claims)

Up to £10,000: Member of Executive Team, validated by Executive Director Resources

Above £10,000: two members of Executive Team, one of which must be Executive Director Resources (or in absence, Group Chief Executive or Executive Director Governance and Integration).

All compensation payments and goodwill gestures will be recorded in a register.

5.3 Acceptance of an offer of compensation

An offer of compensation must be accepted by the customer within 28 days of the date of the offer letter after which time the offer will expire. This is unless an alternative acceptance date is agreed due to unusual or exceptional circumstances. The customer must accept the offer of compensation in writing, by e-mail or by completing a compensation acceptance form. This will be considered to be a full and final settlement at the time of acceptance, without prejudice to any potential future legal claim.

5.3 Appeal against a decision about compensation

Any appeals against the amount of compensation offered (or a compensation offer not being made) must be made within 28 days of the offer (or no offer) date, or otherwise as agreed as part of the complaints process.

The appeal will be passed to the next most senior member of staff within the relevant Directorate to review. They will investigate how the compensation decision was arrived at and to determine if the decision was fair, reasonable and proportionate to the circumstances of the claim.

If the customer is not made a revised offer, does not wish to accept any revised offer, or is dissatisfied that we, again, refused to offer compensation then they will be asked to follow our Complaints Procedure.

5.4 Making a compensation payment or gesture of goodwill

Where a decision is taken to pay compensation, it will be paid within 28 working days of receipt from the customer of their compensation acceptance form. Any compensation offered will be made 'without prejudice' to any potential legal claim which may be pursued by the customer.

In cases where a compensation or goodwill payment is made, we will usually compensate by way of bank transfer to the customer's personal bank account or by credit to the customer's rent account. Customers should be aware that, in the event of rent arrears being owed to Karbon, then any compensation payment will be offset against these arrears.

Exceptions may be made if the award is for evidenced loss or damages. Where quantified damages are to be compensated, payments may be made directly to a supplier.

Where a compensation payment is made, this will be accompanied by an explanation as to how the failure occurred, a demonstration of learning and our commitment to making service improvements, as well as our recognition of our failure to meet our usual standards of service.

A payment of compensation is not an admission of liability.

Any payment made to a customer will be recorded internally. It will then be referred to should any future claim be presented involving the same subject issue.

6.0 Customer Vulnerabilities

This policy is applied in line with Our Approach To Vulnerability Policy. Everyone matters. We want people to be treated fairly, have equality of opportunities, freedom, respect, and access to our services. We will offer support, reasonable adjustments, and adaptations to remove barriers. We will discuss with our customers what is reasonable and appropriate. In delivering this service we may need to escalate a particular case – if we do then customer vulnerabilities will be considered as part of the decision-making process.

We will support people with vulnerabilities to deliver this service. We will work alongside external agencies such as social services, the police and fire services and other appropriate agencies to help and support people with vulnerabilities in the delivery of our services but also to ensure we meet our statutory and regulatory requirements as a social landlord. Details are provided in the appropriate areas in this policy. All our customer policies are available on the website.

7.0 Monitoring and Review

The Group Executive Directors of Customer Service and Governance & Integration are responsible for the implementation and review of this policy.

Compensation payments and goodwill gestures will be recorded in a register.

The number of compensation claims paid including the category of compensation, amounts of compensation offered, customer demographic and characteristics, lessons learned and action taken as a result will be reported to the Group Performance (Customer) Committee.

This policy will be reviewed every 3 years or if amendments are needed due to changes in regulation/legislation/good practice or as a result of learning which has a material impact on this policy.

8.0 Equality and Diversity

This policy is applied in line with Karbon's Equality and Diversity Policy and the associated legislation including the Public Sector Equality Duty and Equality Act 2010. At Karbon we aim to eliminate discrimination, promote equality of opportunity, foster good relations and define the nine protected characteristics of age, disability, gender reassignment, marriage

or civil partnership, pregnancy or maternity, race, religion or belief, sex, or sexual orientation.

However, we like to go even further. Beyond these protected characteristics we also take into consideration additional factors such as socio-economic status and language barriers which may also play a part. Our vision is for everyone to be treated fairly, have equality of opportunities, freedom, respect and access to our services.

To help us achieve this, we will work to improve accessibility for all, offering reasonable adjustments, adaptations and discussing ways that we can work to remove any barriers. A reasonable adjustment involves making a change to the way that we usually do things.

All of our customer policies and key information are made available on the Karbon Homes website.. This platform has an easy to use assistive tool that supports accessibility to our information. This includes translation, audio, changes to the size of text, ruler and screen mask. We also aim to make our information and services more accessible by using Plain English in our communication and offering sign language and language interpreters where required.

We work together to look at options and agree what adjustments would be reasonable in your individual circumstances. If you would like to find out more please get in touch with the team.

9.0 Data Protection and Privacy

We have a clear policy on data protection and sharing data with other partners/outside agencies under the requirements of the Data Protection Act 2018. This is clearly set out in our Data Management Policy which, along with the supporting Data Management Guidelines, must be followed throughout the operation of this policy.

10.0 References

- Customer Service Standards
- Complaints, Compliments & Suggestions Policy
- Equality and Diversity Policy
- Data Protection Policy.