

## Compensation and Goodwill Payments Policy

### 1.0 Purpose of policy

The purpose of this policy is to clarify the circumstances under which compensation will be considered and to set guidance for the levels of compensation and goodwill payments which may be appropriate.

There may be occasions where the 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. In some circumstances this means offering compensation.

We will always be proactive and work with customers to provide adequate compensation where we believe we have been at fault or our service has fallen below our published service standards. Managers follow the criteria documented in this Policy, consider the individual circumstances, and if necessary award discretionary compensation.

### 2.0 Objectives

The aims of the policy are to ensure that:

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

### 3.0 Policy detail

#### 3.1 Introduction

Customers don't have to 'formally complain' (i.e. use the formal 3 stage complaints procedure) to be awarded discretionary compensation but it can be given when a complaint is upheld and it is felt that under the terms of the Policy that compensation should be awarded.

**MANAGERS HAVE THE AUTHORITY TO RECOMMEND THAT HIGHER LEVELS OF COMPENSATION ARE PAID IF NECESSARY.**

In legal terms, any payment made in respect of 'ad hoc' discretionary compensation is purely a gesture of goodwill and is not an admission of guilt or liability.

Any appeal against a decision made regarding a discretionary compensation payment needs to be made through our complaints process.

This policy must be read in conjunction with the Compensation and Goodwill Payments Policy and associated appendices.

### 3.2 General

We will consider offering compensation or a goodwill payment where financial loss, damage, unreasonable delay, major disruption, or inconvenience is caused, for example by:

- The standard of service not meeting customer service standards.
- The loss of use of all or part of a customer's home as a result of our actions or lack of actions.
- Damage to a customer's possessions as a result of our actions or lack of action.
- Failure to deliver a service which has been paid for through a service charge.
- There has been poor communication on our behalf, not giving enough detail, not advising of progress or not providing feedback.
- Staff missing an appointment without advising the customer in advance.
- A customer's utility bills increase due to use of electric heaters as a temporary solution beyond published repair timescales.
- Rubbish and materials not being removed after a repair is completed (after 5 working days).
- An unreasonable amount of time being spent by a customer pursuing a complaint that was eventually upheld.
- **THIS IS NOT AN EXHAUSTIVE LIST AS THERE MAY BE OTHER CIRCUMSTANCES WHEN WE WILL CONSIDER A DISCRETIONARY/GOODWILL PAYMENT. THIS IS AT THE DISCRETION OF A MANAGER.**

The table at the end of this policy is a guide to the amounts of discretionary compensation that may be awarded.

Where it is appropriate to pay compensation for damage or loss, the amount payable will be supported by evidence and will reflect the actual damage done or loss incurred. In cases where a compensation or goodwill payment is made we will compensate in cash, cheque or credit the customer's rent account.

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 decision is taken to pay compensation, it will be paid within 10 working days of the decision. Any compensation offered will be made 'without prejudice' to any potential legal claim which may be pursued by the customer. **COMPENSATION IS NOT AN ADMISSION OF LIABILITY.**

Annual budgets will be set for payment of compensation.

Customers should normally make requests for discretionary compensation within 2 months or as close as possible to the point at which their concern arose.

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.

The appeal will be passed to the next most senior member of staff within the relevant Division 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 claimant 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 Policy.

### **3.3 Loss of use of all or part of a property**

Where as a result of negligence by Karbon Homes staff or our contractors a customer loses the use of all or part of their property (including a garage where applicable) compensation will normally be considered as follows:

#### **High**

- E.g. No use of essential facilities i.e. kitchen or bathroom for more than one day.

#### **Medium**

- E.g. No use of living areas such as living room/bedroom for more than one day.

#### **Low**

- E.g. No use of garage or other small rooms i.e. utility etc for more than one day.

### **3.4 Failure to meet published service standards**

Where we fail to meet our Customer Service Standards, usually following an expression of dissatisfaction we will consider a goodwill payment.

The standards are set out in the Customer Service Standards document.

We have developed three levels of '**general service inconvenience**'; the relevant Officer will determine the level of inconvenience, as detailed below:

#### **High service inconvenience**

- Where our failure to meet our service standards has caused a high level of inconvenience.
- Where a customer has evidence that they have tried to contact us on several occasions to resolve a problem.
- This relates to 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.

### **Medium service inconvenience**

- Where we have continued to fail to meet our service standards.
- For example, 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 clearly an injustice to the customer and the service has markedly failed to meet the required standards.

### **Low service inconvenience**

- Where 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.

If such goodwill payments to customers have resulted from a contractor not carrying out a specific duty, we will consider recovering these costs from the contractor.

## **3.5 Failure to deliver a service subject to a service charge**

The amount of compensation payable to the customers where we fail to deliver a service subject to a service charge will be calculated by the number of days/number of times the service was not available multiplied by the service charge levied over the period.

Examples of where payments may be applicable:

- Entry-phone, lighting or failure of other communal fixtures and fittings.
- Failure of contractor to comply with specification for cleaning and gardening within 5 working days of Karbon Homes being made aware of the failure.

If it is known that a contractor working on our behalf has failed to provide a service as specified in a contract or a service level agreement, they will be asked to rectify the situation immediately. If there is no improvement in the service the contractor may receive a reduced payment or in extreme circumstances no payment at all as detailed in the specific contract.

### **3.6 Quantifiable damage and loss**

This refers to where a customer suffers damage (such as accidental damage by a maintenance operative) or loss (such as costs incurred to professionally clean carpets) as a result of our actions. 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.

Examples:

- Any financial loss directly attributable to the acknowledged service failure.
- Any costs incurred were reasonable in the circumstances.
- The customer acted where possible to mitigate the effects.
- Any losses wherever possible are verifiable i.e. receipts, gas/electricity accounts, loss of earnings.
- Assessments related to inconvenience for distress will take into account the overall length of period involved and severity of distress.

The customers should be able to produce appropriate levels of evidence, detailing amount of compensation sought and the reason why it is being claimed.

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.

In most circumstances, we will not be present at the time of loss or damage and the ultimate responsibility to 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.

### **3.7 Exclusions**

Claims for 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.
- Service failure is the result of extreme or unforeseen conditions i.e. weather conditions where we have taken reasonable steps to restore services or facilities under prevailing conditions.
- 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 or keep appointments.
- The loss or damage arises from an alteration or repair which the customer has arranged or carried out themselves.
- The loss or damage is due to acts of negligence by a third party i.e. a visitor 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.

#### **4.0 Monitoring and Review**

The Group Risk/Insurance Manager is responsible for the implementation and review of this policy.

The number and amounts of compensation offered will be reported on a quarterly basis.

This policy will be reviewed at least every 3 years, or if amendments are needed due to changes in regulation/legislation.

#### **5.0 Equality and Diversity**

This policy is implemented in line with the Group's Equality and Diversity Policy and associated legislation. Consideration will be given to all protected characteristics under the Equality Act 2010 to eliminate discrimination, advance equality of opportunity and foster good relations.

This policy and associated documents are available in different languages and alternative formats where necessary.

#### **6.0 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 1998. 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.

#### **7.0 References**

- Customer Service Standards
- Complaints, Compliments & Suggestions Policy
- Equality and Diversity Policies
- Data Protection Policy
- Data Management Guidelines

- The Right to Repair and The Right to Compensation for Improvements
- Leasehold Reform, Housing and Urban Development Act 1993
- Statutory Instruments 133/94 and 613/94
- Land Compensation Act 1973 and Home Loss Payments (Prescribed Amounts) England Regulations 2005 (Statutory Instrument 2005 No. 1635)
- Planning and Compensation Act 1991
- Home Loss & Disturbance Payments
- Home Loss Payments (Prescribed Amounts) Regulations

**A quick guide to compensation amounts (remember – Managers have discretion to offer different amounts to those specified)**

Compensation Category	Amount payable
<b>Service specified in service charge not provided</b>	Days/no. services not provided multiplied by % of service charge
<b>Damage</b>	If possible, rectify damage or pay actual cost to replace goods
<b>Increased cost of utility bills due to use of electricity heaters as a temporary solution beyond published repair timescales</b>	£3 per day electric heaters were used
<b>Rubbish and materials not removed after repair completed</b>	£5 per day after 5 working days following the repair
<b>Unreasonable amount of time pursuing a complaint that was upheld</b>	£25 (when complaint upheld)