

Compensation and Goodwill Payments Policy

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Responsible Officer	Executive Director of Customer Services Director Governance
This policy applies to	Karbon Homes Group
Approved by	Executive Team
Date Approved	24 April 2025
Frequency of review	Every 3 years
Date of next review	1 April 2028
Implementation date	12 May 2025
Key related documents (policy, procedure, customer literature)	Complaints, Compliments, and Suggestions Policy and Procedure Karbon Group Delegatory Framework Repairs and Maintenance Policy Decoration Policy
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 Housing Ombudsman Remedies Policy The Regulator of Social Housing Consumer Standards – Complaints Relevant to the Transparency, Influence and Accountability Standard.

Version control			
Version number	2	Author of Policy	Karen Sinden- Governance and Risk Coordinator
Equality Impact Analysis	Initial	Equality Analysis Date	16 June 2021
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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
3.0	April 2025	All sections revised, section 12.0 Compensation ordered by the Housing Ombudsman has been added. Appendix 2 detail revised.

Consultation	
Consultation Group (if applicable)	Date of Consultation (if applicable)
Staff	Colleague consultation November 2024
Union(s)	n/a
Customers	November 2024
People & OD	November 2024
Health and Safety Working Group	n/a
Data Protection	DPIA reviewed 04/12/2024
Procurement	n/a
Other stakeholder (please state)	KMT and Executive Team 54 North Housing Finance Customer Relationship Team KPS-Operations and Support Services Building and Customer Safety Compliance Development Delivery Customer Experience Team

Policy statement

This policy outlines our approach to considering and offering statutory compensation, quantifiable loss, and discretionary compensation.

Risk policy is designed to control

To ensure we meet all regulatory and legislative requirements regarding offering and paying compensation.

Key performance measures

- Number of offers of compensation, including category of claim and service area for compensation
- The total amount of compensation offered.

Definitions

Statutory compensation	A payment we must make because the law dictates that we must pay it, which is awarded in specific circumstances. <i>Please see the Statutory Compensation Appendix (Appendix 1) at the end of this policy for further information on when statutory compensation will be paid.</i>
Quantifiable loss compensation	A payment that we may make when a customer can demonstrate actual loss as a result of action (or lack of action) by The Karbon Homes Group.
Discretionary compensation	A payment that we choose to make. Discretionary compensation payments are not made automatically, and we are not obliged to make them. They may be considered if requested by a customer or offered as part of a response to a complaint if this is deemed 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 to the Complaints Procedure. In all cases, our emphasis is on improving our service or putting a service failure right.
Compensation	Compensation typically is a financial payment intended to make amends or in recognition for makes up for a poor experience or service failure.
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".
Mitigating	Making a situation less severe or serious or a way to lessen the impact.
Aggravating	Making a situation worse or more serious.
Karbon Homes Group	Any subsidiary or associated company of Karbon Homes Limited

1.0 Purpose of policy

- 1.1 This policy aims to set out the circumstances under which compensation will be considered and/or paid by Karbon Homes Group.
- 1.2 In line with the Housing Ombudsman's complaint handling code, social housing landlords must have a compensation policy that provides guidance on when they will consider offering compensation.
- 1.3 This policy has been developed in line with principles set out by The Housing Ombudsman Remedies Guidance (May 2024). It is closely linked with our Complaints, Compliments, and Suggestions Policy and Procedure.

2.0 Scope

- 2.1 The policy outlines compensation that The Karbon Homes Group may consider.
- 2.2 The policy outlines the circumstances where we might pay compensation to any of our customers affected by services offered by The Karbon Homes Group.
- 2.3 We may also pay compensation to other people who are not our customers in certain circumstances unrelated to our service standards but as a result of any activities that affect a third party (for example, damage caused to a third party's property when undertaking grounds maintenance in areas where there is property belonging to members of the public). In such cases, the principles in this policy will be followed to determine whether compensation is payable and the amount.

3.0 Objectives

- 3.1 The policy aims to ensure that:
 - Customers receive a fair, proportionate, and efficient settlement with valid compensation claims.
 - 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. Sometimes, we may offer compensation, although other appropriate and proportionate remedies will also be considered. Providing redress aims to restore a person to the position they would have been in had a service failure not occurred. Each case will be considered on its own merits whilst ensuring consistency. We will consider the duration of the issue, the extent or severity of the service failure, and the specific circumstances of the claimant.

A formal complaint does not guarantee that compensation will be paid. Still, under the terms of the policy, it may be considered mainly where the facts of the situation are not in dispute.

In legal terms, any payment made with respect to 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.

5.0 Statutory or mandatory compensation

- 5.1 Statutory or mandatory compensation payments are often legally defined. Further details can be found in Appendix 1 at the end of this policy.
- 5.2 These payments could include home loss, disturbance, and improvements under the Right to Repair scheme.

6.0 Quantifiable damage and loss

- 6.1 These payments will be made when a customer suffers quantifiable loss or damage due to our action or failure to take action. Quantifiable compensation will reflect the actual loss or damage value so that the customer is returned to their original position before our intervention.
- 6.2 These payments could include but are not limited to:
 - 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
 - Customers carrying out repairs where we have failed to meet our repair obligations.
- 6.3 The following will apply:
 - Any financial loss must be directly attributable to the service failure, and Karbon Homes Group should first acknowledge this failure.
 - 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, and photographs.
- 6.4 Customers are asked to produce appropriate evidence detailing the amount of compensation sought and the reason it is being claimed. Where possible, customers should notify The Karbon Homes Group of the necessary action or that costs are being incurred before that action is taken, any costs incurred, or within a reasonable timescale after the action has been taken or costs incurred. For example, if there is an uncontrollable leak causing damage that should be reported the same day, and if damage has been caused accidentally during a repair, it would be reasonable for that to be identified and reported within two weeks unless any other circumstances are preventing this.

- 6.5 Where the customer claims for damage to a particular item, that item must be retained for the duration of the claim so Karbon Homes Group may inspect that item. If the item(s) cannot be retained, we expect customers to take and retain clear-dated photographs of damage, which can be shared with The Karbon Homes Group.
- 6.6 Where our failure to act or actions have caused loss or damage to a customer's personal property, we will compensate the customer to put them back in their original position before the issue occurred. We will endeavour to restore, clean, or repair items before replacing them while considering the depreciation value of the item if a replacement is needed.
- 6.7 Claims will be referred to our insurance providers when
- There is a claim of personal injury
 - The total value of the loss or damage being claimed is £5000 or more
 - There is a dispute over liability
- 6.8 Where negligence on our part can be proven, compensation will be paid to cover any excess paid by the customer when claiming on their insurance.
- 6.9 Customers should claim on their own content's insurance when the cause of any loss is due to the customer's actions, including but not limited to negligence, misuse or accident, and there can be no liability found on the part of the Karbon Homes Group.
- 6.10 Where a contractor acting on our behalf causes any loss or damage, we will assist the customer in claiming compensation from the contractor. We will ensure that all contractors have public liability insurance.
- 6.11 Any complaints or disrepair claims will be managed through our Complaints, Compliments, and Suggestions Policy and Procedure or our disrepair protocol (as appropriate). Legal advice will be sought before any remedies or compensation is offered.

7.0 Discretionary Compensation

- 7.1 We will consider offering discretionary compensation or a goodwill payment where the following are deemed to be caused by our actions, lack of action, or those of someone working on our behalf:
- poor complaint handling
 - delays in providing a service, e.g., in undertaking a repair
 - failure to provide a service that has been charged for
 - temporary loss of amenity
 - failure to meet target response times
 - loss of use of part of the property
 - failure to follow policy and procedure
 - unreasonable time taken to resolve a situation
- 7.2 Circumstances when discretionary payment may be applied, including values, are outlined in detail within Appendix 2 of this policy.

- 7.3 Appendix 2 is not an exhaustive list, as there may be other circumstances when we may consider a discretionary or goodwill payment.

8.0 Other Discretionary Remedies

- 8.1 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. This may include offering to undertake repairs, cleaning, or redecoration that would otherwise be a customer's responsibility.

9.0 Things we will consider when assessing a request for compensation

- 9.1 We may assess the severity of the service failure and its associated impact. We will use the categories for the assessment described in Appendix 2: Service Failure, Maladministration, and Severe Maladministration.
- 9.2 However, compensation calculation elements may also depend on the context of the situation, the complaint, or the customer's particular circumstances.
- 9.3 These categories are defined in detail within Appendix 2 and are in line with the Housing Ombudsman's Complaint Handling Code and Remedies Guidance.
- 9.4 Each case needs to be considered on its own merits. Our colleagues use discretion to decide the most appropriate remedy in each case.
- 9.5 To ensure the remedies we offer reflect the impact on the customer and their individual circumstances, we will also take into consideration:
- How was the customer adversely affected by the actions or lack of actions?
 - The time and trouble the customer has experienced.
 - Any disabilities or vulnerabilities within the family that mean they were more adversely affected by the actions or lack of actions.
 - Other circumstances that mean the impact on the customers has been more detrimental e.g., young children, caring responsibilities.
 - The duration of any avoidable distress or inconvenience and the seriousness of any other unfair impact will be considered.
- 9.6 All remedies offered will be proportionate and appropriate to the individual case and circumstances.
- 9.7 There may be occasions where the nature of the failures places the compensation request within one range, but the number and duration of the failures cause an impact, which justifies a higher amount of compensation. In summary, deciding the compensation that should be paid in an individual case will be a judgment based on the individual elements of service failure or maladministration, the number of failings, the individual circumstances of the case and the impact on the customers as well as any aggravating/mitigating factors.
- 9.8 Mitigating factors
We also consider the extent to which the customer's actions might have failed to minimise the impact or outcome of the situation or have contributed to worsening

the impact or outcome. Equally, the customer may have been proactive in seeking to minimise the situation's impact on them. All these factors may mitigate or minimise the level of award.

9.9 Aggravating Factors

Our remedies may also recognise that the emotional impact experienced by an individual resident is unique to them. Not all residents will experience the same emotional impact in response to the same instance of service failure or maladministration. This might be due to their particular circumstances or as a result of a vulnerability. When considering a compensation payment, we will consider any aggravating factors which may lead to an increased award to reflect the specific impact on the resident.

9.10 We recognise that some of our customers' circumstances mean they are more affected by our actions or inactions than others. We cannot assess how much a service failure or maladministration has contributed to or exacerbated a customer's physical and/or mental health. Therefore, we cannot directly quantify this. However, we will seek to recognise these circumstances in our remedies wherever appropriate.

9.11 Customers should contact us with their requests for compensation at the soonest opportunity of an issue taking place but no later than 12 months after they became aware of the issue, so we can address any dissatisfaction appropriately in line with our Complaints, Compliments, and Suggestions Policy.

9.12 Our various contact details can be found on our website.

10.0 Exclusions

10.1 Claims for discretionary compensation will not be considered where:

- The loss or damage results from routine failure of a building's structure, fixtures, or fittings where we have not been negligent.
- The non-availability of parts or materials is due to a shortage of materials impacting all suppliers, resulting in the loss of service, which has been communicated to customers.
- Service failure results from extreme or unforeseen conditions beyond our control, such as storms or floods that have resulted in many service requests, making it impossible to meet the target within our service standards.
- The delay has been caused by severe weather that would have made it unreasonable or dangerous for work to be carried out.
- Service failure is due to interruptions in electricity, gas, or water supply due to the non-performance of utility companies or through the actions of the customer, member of their household, or visitor to their home.
- The loss or damage is due to misuse, vandalism, wear and tear or neglect by the customer, their family, pets (including those that have been authorised through the pets policy), or visitors to their home.
- The loss or damage arises from an alteration or repair that the customer has arranged or carried out themselves (without our consent and an agreement in

writing between us and the customer as to details of how the alteration or repair will be carried out) unless this is due to a failure on behalf of The Karbon Homes Group to undertake a repair within a reasonable time and the customer has notified us of an intention to seek their own remedy (which is covered under the Right to Repair section in Appendix 1 – Statutory Compensation)

- The loss or damage is due to negligence or omissions by a third party, i.e., any visitor, adjacent occupier, or contractor not acting on our behalf.
- We have acted reasonably and complied with legal and contractual liabilities.
- The claim relates to personal injury (claims of this nature would be referred to an insurer of the Karbon Homes Group)
- Legal proceedings have commenced.
- There is a claim for disrepair, which will be dealt with under our disrepair protocol, or a compensation claim has been made via the Karbon Homes Group's insurer.
- Using a customer's water/electricity to undertake a repair within a reasonable expectation has been necessary.

11.0 Acceptance of an offer of compensation

- 11.1 We will make every effort to ensure we are able to follow through a compensation payment to completion
- 11.2 The offer is made without prejudice (save as to costs) and will remain so unless and until accepted by the customer. This settlement is without admission of liability, and to avoid doubt, the settlement reached by acceptance of our offer is not subject to privilege without prejudice. It may be referred to the court in any future proceedings.

12.0 Compensation ordered by the Housing Ombudsman

- 12.1 Where customers have escalated their complaint to The Housing Ombudsman and the Housing Ombudsman finds evidence of service failure, maladministration or severe maladministration, they can order us to implement remedies they have identified for that case.
- 12.2 The order could be to reimburse a customer who, because of a service failure, has incurred an actual, proven financial loss. Or to pay compensation in recognition of the distress and inconvenience that a customer has experienced or some other adverse effect that cannot otherwise be put right.
- 12.3 Compensation awarded by The Housing Ombudsman should be treated separately from any existing financial arrangements between The Karbon Homes Group and the customer. Therefore, should not be offset against rent or service charge arrears unless the customer requests this.

13.0 What will we do if a customer isn't happy with an offer of compensation?

- 13.1 If the compensation offered at Stage 1 of a complaint is not acceptable to a customer, they may escalate their complaint to stage 2. If the compensation offered at Stage 2 of a complaint is not acceptable to a customer, they may escalate their

complaint to the Housing Ombudsman or the relevant body overseeing the complaint.

- 13.2 When an offer of compensation has been made outside of our complaint process, customers should inform the person handling the compensation request as soon as possible.

14.0 Making a Compensation or Goodwill Gesture Payment

- 14.1 Where a decision is taken to pay compensation, it will be paid within 28 working days of the customer accepting the offer verbally or via email.
- 14.2 In cases where a financial compensation or goodwill payment offer is accepted, we usually compensate by bank transfer to the customer's bank account.
- 14.3 If rent arrears are owed to The Karbon Homes Group by a complainant, including former customers, any compensation payment may be offset against these arrears. However, if the reason for rent arrears forms part of the dispute or the arrears have been caused by a service failure, are out of pocket costs, or we are legally obliged to make the payment, such as a statutory Home Loss or Disturbance payment, this may not be appropriate. We will consider each case individually, and we aim to always put the customer back in their original position before the issue occurs.
- 14.4 Where a compensation payment is made as part of a complaint, we will refer to our Complaints, Compliments and Suggestions policy which outlines our approach.
- 14.5 Any compensation payment made to a customer will be recorded internally through our finance system.

15.0 Our Approach to Vulnerability

- 15.1 This policy is applied in line with 'Our Approach to Vulnerability' Policy. Everyone Matters. We want everyone 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.
- 15.2 We will support people with vulnerabilities to deliver our services. 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 service but also to ensure we meet our statutory and regulatory requirements as a social landlord.
- 15.3 For more information and guidance, please refer to our Approach to Vulnerability policy.

16.0 Monitoring and Review

- 16.1 The Group Executive Director of Customer Service and Director of Governance are responsible for the implementation and review of this policy.

- 16.2 Compensation payments and goodwill gestures will be recorded in line with our Document Retention and Disposal Schedule.
- 16.3 The number of compensation claims paid, including the category of compensation, amounts of compensation offered, lessons learned, and action taken as a result will be reported to the Karbon Homes Group Customer Committee.
- 16.4 This policy will be reviewed every 3 years or if amendments are needed due to changes in regulation/legislation/good practice or because of learning which has a material impact on this policy.

17.0 Equality and Diversity

- 17.1 This policy is applied in line with Karbon Homes Group Equality and Diversity Policy and the associated legislation including the Public Sector Equality Duty and Equality Act 2010. At Karbon Homes Group 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.
- 17.2 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.
- 17.3 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.
- 17.4 All of our customer policies and key information are made available on the Karbon Homes Group 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.
- 17.5 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.

18.0 Data Protection and Privacy

- 18.1 We have a clear policy on data protection and sharing data with other partners/outside agencies under the requirements of the UK General Data Protection Regulation, Data Protection Act 2018 and other associated legislation. This is clearly set out in our Data Management Policy for the Karbon Homes Group which, along with associated procedures, must be followed throughout the operation of this policy.