

**Case 200501998: Thenew Housing Association Ltd**

**Summary of Investigation**

***Category***

Housing Association: Factoring services; Charges for landscape maintenance

***Overview***

The complainant (Mr C) raised a number of concerns regarding the costs in remittance invoices of landscaping works, mistakes in invoices and the quality of information supplied by Thenew Housing Association (the Association).

***Specific complaints and conclusions***

The complaints which have been investigated are:

- (a) unreasonable increase in costs of landscape maintenance (*not upheld*);
- (b) invoices issued have contained mistakes (*not upheld*); and
- (c) information provided by the Association in connection with the works was incomplete (*not upheld*).

***Redress and recommendations***

The Ombudsman had no recommendation to make.

## **Main Investigation Report**

### **Introduction**

1. The complainant (Mr C) is the owner of a house in X Street that he purchased from the Scottish Special Housing Association (SSHA) on 15 October 1988. The SSHA subsequently became Scottish Homes. Scottish Homes continued to factor the houses until 21 November 1995 when ownership of the remaining tenanted properties was transferred to the Association. Mr C's original complaint to the Ombudsman concerned the escalating costs of landscape maintenance work from 1999 to 2005, recurring mistakes in remittance invoices and incomplete information. Mr C was advised that this office would not in terms of section 10 of the Scottish Public Services Ombudsman Act 2002 look into matters dating back to 1 April 1999 but would concentrate on his allegations concerning the latest year (2004/05) for which he had been fully invoiced.

2. The complaints from Mr C which I have investigated are:

- (a) unreasonable increase in costs of landscape maintenance;
- (b) invoices issued have contained mistakes; and
- (c) information provided by the Association in connection with the works was incomplete.

### **Investigation**

3. I have not included in this report every detail investigated but I am satisfied that no matter of significance has been overlooked. Mr C and the Association were given an opportunity to comment on a draft of this report.

4. Mr C's house is one of 110 houses situated in a designated area for factoring services by the Association (the Billing Area).

5. On 13 January 2003, the Housing Management Sub-Committee of the Association decided to move from traditional contract arrangements to a Partnering Agreement which was signed on 4 April 2003 for an initial period of three years up to 31 March 2006.

6. Mr C had had previous concerns about the annual costs of landscaping work which had risen from £60.80 in 2000/01 to £208.78 in 2002/03. When he received

an invoice on 13 December 2004 for part of 2003/04 for £224.92 (which included an element of £183.79 for routine maintenance) he visited the Association's offices to examine their landscape maintenance accounts. He subsequently attended the Association's office at 17:30 on 21 February 2005 when he met with their Housing Manager (Officer 1) and Technical Manager (Officer 2).

7. Officer 2 wrote to Mr C on 4 May 2005 answering particular queries Mr C had raised in respect of the 2003/04 landscaping charges. He provided a list of extra jobs beyond routine maintenance carried out in the Billing Area and assured Mr C that the lopping of trees in Mr C's street to improve tenants' television reception had not been recharged to Mr C and other owners. Mr C was also assured that the cost of routine maintenance works for the 2004/05 year would rise by no more than the rate of inflation. At that time it appeared likely that costs would be contained at the previous year's level and that, in addition, due to a period of unsatisfactory work by the contractor in the late summer of 2004, one month's payment would be credited. Taken together these factors would result in a reduction in charge compared with the previous year.

8. The total invoice for the 2004/05 year issued on 1 June 2005 resulted in a net charge of £229.62 to Mr C. This was made up of a charge of £155.04 for landscape maintenance (excluding non-routine work), building insurance cover (£33.45), the Association's administration charge (£35.00) and Value Added Tax on the Administration charge (£6.13).

9. Officer 1 wrote to Mr C on 7 June 2005 stating that:

'The reduction in the charges for landscaping costs and fees from last year's invoice amounts to £28.75 (£155.04 compared to £183.79)...The cost of the landscaping works and fees for 2004/05 without including VAT is £131.94, resulting in a like for like reduction of £51.85 from last year's charges'.

10. Mr C visited the Association's offices on 13 June 2005 and met with Officer 1. The following day Officer 1 wrote to Mr C stating that he and Officer 2 had attempted to provide information which Mr C refuted. For his part he could not add to the information previously given over some seven years. Officer 1 reminded Mr C that the balance on his account was £598.47 and he asked Mr C to come to

an arrangement to repay. He enclosed a leaflet detailing the Association's Formal Complaints Policy

11. Mr C responded on 27 June 2005 complaining of selectivity in the information provided by the Association, that figures given were inconsistent and erratic and that he had been charged as an owner for work done in tenants' gardens. Mr C insisted that payment was never an issue and enclosed with his letter a cheque for the full amount of the balance (£598.47) and a complaint form. Mr C's letter was acknowledged on 28 June 2005.

12. Following his return from leave, the Chief Executive of the Association wrote to Mr C on 21 July 2005 offering to meet with Mr C at his home on 2 August 2005. That date was not convenient to Mr C. The Chief Executive wrote again on 3 August 2005 stating that the description of Mr C's complaint on his complaint form as 'factoring account, complaint, errors, mistakes, not giving information that was agreed previously' made it difficult for the Chief Executive to offer assistance. He wanted to understand precisely what the complaint was, and Mr C's proposed solution, to be able to pursue the matter.

13. Mr C wrote on 8 August 2005 and followed this up with a telephone call on 22 August 2005. The letter requested information that Mr C claimed he had not previously received. It did not provide specific information about other complaints.

14. The Chief Executive replied on 23 August 2005 addressing the information issue. He reminded Mr C of his legal obligation in terms of clause 8 of his Title Deed to pay his share of landscape maintenance costs. The Chief Executive accepted that mistakes had been made in previous invoices and he repeated previous apologies. These mistakes had led to the Association not applying VAT and undercharging owners. He stated that the Association did not now intend to issue corrected invoices as these would result in further charges.

15. The Chief Executive commented on the large amount of staff time spent in answering queries from Mr C on 29 occasions since April 1998 and in four meetings with officers in the previous two years. All relevant paperwork relating to landscape costs had been shown to Mr C with details of the apportionment of costs. The Chief Executive confirmed that the Association had reviewed their

procedures at Mr C's request to provide greater detail on invoices. He maintained that the Association had to balance requests by some owners for providing detailed breakdowns with charging an affordable administration fee. The Chief Executive recognised that some owners had dissatisfaction with the cost of landscape maintenance services, but not with the quality, and the Association were in process of consulting with all residents on whether to continue the existing landscape maintenance contract on the same basis. The Chief Executive considered that all Mr C's enquiries had been properly addressed. He informed Mr C that he could, in terms of the Association's appeal procedure, appeal against the Chief Executive's decision to their Housing Management Sub-Committee and thereafter, if he remained dissatisfied, to the Ombudsman.

16. Mr C submitted a letter of appeal on 29 August 2005. Mr C indicated that he did not wish to attend the appeal hearing which was held on 21 September 2005. The Appeal Panel of three considered correspondence, file notes and records held by the Association and questioned members of staff. Their decision was communicated by the Chairperson in a letter of 27 September 2005. In detailing ten specific points, the Chairperson noted the change to billing procedures already implemented as a result of Mr C's suggestions and that as a further change to future invoices, if there were no charges in respect of a particular item for example non-routine landscape maintenance work, a £0.00 amount would be shown in the invoice. The Chairperson concluded her letter by stating that her letter and previous correspondence and meetings with staff addressed Mr C's complaint in full. Mr C was informed of his ability to raise the matter with the Ombudsman.

17. Mr C first submitted his present complaint to the Ombudsman by letter of 20 October 2005. He maintained that the Association had been selective in answering his queries, had failed to answer new questions and had had on several occasions between 1999 and 2003 to issue amended invoices. He maintained that there had been an enormous increase in costs as a result of the appointment of a new landscape maintenance contractor. He hoped that the intervention of the Ombudsman would persuade the Association to share the correct information that all owner-occupiers were asking for.

18. My colleague wrote to Mr C on 22 December 2005 stating that she could see no special circumstances for looking into matters which arose more than twelve

months before Mr C had approached this office with his current complaint and we would only be prepared to consider his complaint relating to the landscape maintenance work in the 2004/05 invoice (see paragraph 1). She asked him to provide further information and Mr C responded in a letter of 2 January 2006. Following consideration of this information, a decision was taken on 11 April 2006 to investigate matters associated with the 2004/05 factoring invoice. The Association was asked for information on the complaint.

19. The Association responded in a letter from Officer 1 in his new capacity as Head of Housing. He confirmed that there were no errors in the relevant factoring invoice issued on 1 June 2005 for the period 1 April 2004 to 31 March 2005. The gross apportionment to Mr C was £229.62 (made up of routine landscaping works (£153.73), fees (£1.31), buildings insurance cover (£33.45), the Association's administration charge (£35.00) and VAT on the administration charge (£6.13). There were no non-routine landscaping works and fees in the period.

20. The Head of Housing stated, as a general point, that the Association had not denied making a series of errors in bills over the years. The Association had rectified those errors and had made the decision, where those errors would have led to significant additional costs, not to seek recovery from Mr C and other owners. The Association had recently invested heavily in a new and fully integrated IT system. This would enable the automatic production of factoring bills and would minimise the potential for the errors which unfortunately had previously arisen from past invoices being produced using a number of separate databases and a great deal of manual input.

21. In considering all the evidence, I have reached the following conclusions

*(a) Conclusion*

22. Effectively, this element of complaint is outside the scope of the investigation which concentrates on the invoice for the year 2004/05. As I understand it, costs for that year were less than for the two preceding years. I am unable to conclude, therefore, that the costs were unreasonable. I do not uphold this complaint.

*(b) Conclusion*

23. The Association have accepted that, regrettably, mistakes were made by them in the past. Had the correct invoices been issued from the outset including a charge for VAT then Mr C and other owners would have had to pay more. The Association have taken steps through the installation of an integrated IT system to provide more accurate invoices in the future. Since I do not consider that this complaint is justifiable in respect of the year under consideration (2004/05), I do not uphold this complaint.

*(c) Conclusion*

24. I accept that there may have been past problems in detailing works of non-routine maintenance. There were, however, no non-routine works in the Billing Area in 2004/05. The Association have responded to Mr C's suggestions by providing some additional information. In all the circumstances I do not uphold this complaint.

31 October 2006

**Explanation of abbreviations used**

Mr C	The complainant
The Association	The new Housing Association Ltd
Officer 1	Formerly Housing Manager, now Head of Housing
Officer 2	Technical Manager
The Billing Area	The immediate area where Mr C resides for factoring invoice purposes
X Street	The street in which Mr C resides
SSHA	Scottish Special Housing Association