HOUSING OMBUDSMAN SERVICE

Annual Report & Accounts 2009

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1 April 2008 – 31 March 2009

Housing
Ombudsman
Service

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Paragraph 40 of the approved Independent Housing Ombudsman Scheme requires the Ombudsman to make an annual report on the work of the Service and to submit the report to the Secretary of State and to the Board of Independent Housing Ombudsman Limited.

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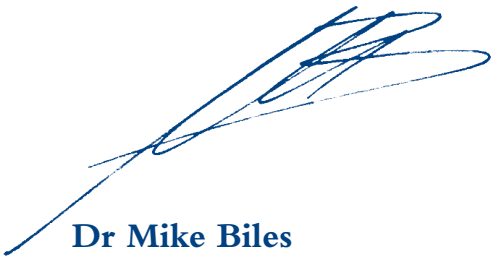
Ombudsman's foreword

I am delighted that we have made such a successful start on fulfilling the promises made in previous annual reports. We have fundamentally reviewed our core process and introduced a new casework management system. We have dealt with almost 4,000 new complaints – a 21% increase on the previous year. The number of determinations has increased by 40%. Additionally, for the first time, we have been able accurately to record that we responded to nearly 3,000 enquiries. Through an activity-based costing approach we have been able to show an average cost across casework activities of £276. We have met or exceeded casework and other targets, and our performance has improved compared with previous years. We are continuing to bring down the time it takes to process complaints and deal with disputes. As we intended, greater efficiency in investigations has enabled us to invest more resources in improving customer care and dispute resolution at early stages of the process. Our business plan shows we are committed to continuing to improve our performance, efficiency, customer care, and public value for money.

We continued to work with many organisations involved in social and private rented housing to add value to the sectors in many different ways. For example, we have established a new protocol with the Tenant Services Authority and worked with it on its new complaints standard; made summaries of our cases accessible through the internet after collaborating with *HouseMark*; and were one of the two recommended escalated complaint-handling bodies in the British Property Federation's Residential Code of Conduct. We have continued to help providers improve their relationships with

their residents, particularly through our free training and prevention programme. We have continued to raise awareness of the Service among potential users, particularly as a result of our research into user perception and awareness. We are proud of these examples of performance and partnership. They demonstrate our mission and vision and our wish to sustain improvement and involve users and stakeholders.

One of our values is 'working together'. All the successes referred to in this report result directly from my staff, the Executive, and the Board of IHO Limited working together to achieve our common purpose. I thank them all for their continued commitment, trust and support. We share the view that the Housing Ombudsman is one of the 'pillars of justice' and offers unique and recognisable value in the housing justice network.



Dr Mike Biles
Ombudsman

We have fundamentally reviewed our core process and introduced a new casework management system… and dealt with almost 4,000 new complaints…

Ombudsman's overview

Performance

Aims and objectives

Our primary strategic intention is continuous improvement in the quality and effectiveness of our service as the statutory Housing Ombudsman.

We will do this by balancing quality, cost, and speed. Basically we want to put ourselves in the strongest position possible to meet the challenges that may arise from the uncertain economic conditions. The key factor in our ability to respond is to make sure that our people and systems are competent and flexible. We are committed to finding out what our service users and stakeholders want and trying to meet their needs. We uphold a culture that expects, recognises and rewards excellent performance, and we ensure that our systems properly serve and support our external and internal customers.

…we have changed our core process to fit our mission, which is to enable early and fair dispute resolution

Already, we have changed our core process to fit our mission, which is to enable early and fair dispute resolution in housing. Also, our new casework management system has been specifically designed to suit the new process. Next we shall improve our dispute resolution performance and use the new system to collect and analyse more extensive data. This, in turn, will enable us to set smarter targets and performance indicators for the business as a whole. We shall also use information from the new system to demonstrate further our cost effectiveness and value for money, especially in the light of the changes we shall be making to our systems for finance, management and HR.

Facts and figures

Our performance has been improving year on year and we want that to continue. In 2008-09 we processed 3,870 new complaints. This represents a 21% increase over the previous year. In addition to complaints, our new casework management system allowed us to record that we received and responded to 2,884 enquiries. This is the first time we have been able to report this function accurately, and it shows how much work we do with those who contact us at the 'front end' of the business.

We responded to new complaints within 21 days in 98% of complaints received. In the coming year we have a first-contact target to respond to all new complaints within 15 working days of receipt. All general enquiries are being dealt with in less than three days.

Some 70% of cases are closed after first contact, the majority of work on them being completed within two to three weeks.

In the case of disputes resolved by investigation, the average time taken for each was 21 weeks. Four years ago, the average time taken for this activity was 49 weeks. One year ago the average was 27 weeks so there has been a 22% reduction in average time in the past year alone. For the coming year, our target is to complete investigations in an average of 20 weeks.

We issued 398 determinations, which is a 40% increase over the previous year and reflects the success of our new dispute resolution process. This has made the investigation process more accessible and allowed investigations to be processed efficiently. It also reflects the contribution of my caseworkers, who have matched the efficiencies of the process and shown it can result in unprecedented numbers of determinations.

We issued 398 determinations, which is a 40% increase over the previous year and reflects the success of our new dispute resolution process

None of the investigations determined in 2008-09 took more than a year. Four years ago only 57% of our investigations were completed within 52 weeks. For the next year our target is to complete all investigations within 43 weeks.

Much of our enabling role in our mission to achieve early and fair dispute resolution takes effect through our training programme, which is free to providers and residents. By increasing awareness and understanding of good practice in seeking to resolve complaints and disputes as early as possible, we are helping people to avoid bringing complaints to us at all. We see this as an essential part of dispute resolution.

Demand for this programme is high. In 2008-09 we hoped to be able to deliver 36 training events but, in the event, we provided 69. Training is one of the activities of a small team who work to improve access to and raise awareness and understanding of my role as Ombudsman. At the outset of the year we hoped that this team would take part in 6 major seminars and conferences involving residents and housing providers. By the end of the year they had attended 28 such events. Additionally, we were present or spoke at 14 events involving stakeholders; 11 events involving legal and academic professionals; and 7 high-profile promotional events with resident and provider organisations, advice agencies, and other housing dispute-resolution bodies.

We shall continue to work with users and stakeholders to improve our customer care and our influence on the sector.

Customer care

It is important to provide high-quality services by applying resources to support those who deliver them. To that end we have taken part in several events during the year to explore, in the context of customer care, the themes of 'valuing the individual', 'diversity', and 'emotional intelligence'.

Balancing care and objectivity

The Housing Ombudsman Service delivers justice in the form of fair, balanced outcomes and excellent customer care

The Housing Ombudsman Service delivers justice in the form of fair, balanced outcomes through an impartial and quality-controlled process and excellent customer care. It can be difficult to get the balance right between customer care and impartiality. If the customer we are seeking to satisfy is the complainant, we may be biased towards them. If our customer is 'justice', we risk ignoring or denying the legitimate needs and expectations of users. Nevertheless, it is possible to act fairly and consistently as ombudsman and to balance care and objectivity, provided we are aware of our subjective feelings about a case, and the need to tolerate other people's different attitudes, where appropriate.

Self-awareness and social skills

When dealing with users of the Service it is important to apply the social skills of self-control, listening, and empathy and to be aware of issues of diversity. The evidence obtained must be analysed clinically and without emotion, except that self-awareness should enable us to put to one side prejudices, bias, and irrelevant facts in making decisions. Once the decision is clear we need to communicate it to the parties, and this calls again for social skills and awareness of diversity.

Justice requires impartiality. Accordingly, we gather, prioritise and analyse relevant evidence. We then produce a fair conclusion exclusively based on the relevant evidence. We do this explicitly and transparently without prejudice or bias. So we need self-awareness to recognise and rule out prejudice and bias, and self-regulation to manage our personal feelings about the case. However, we can only serve justice by engaging with people as fellow human beings. Being impartial and judicious does not mean it is proper to treat people in ways that are wooden, robotic, arrogant, defensive, or exclusive.

This involves being aware of self and aware of others; seeing things

from the other person's point of view; putting ourselves in their shoes, and empathising with their fears, anxieties and discomfort. This is especially so when people are approaching us for the first time and might see us as monolithic, austere, other-worldly bureaucrats. It is appropriate to use social skills to help and support people; to be courteous and friendly.

Ultimately, as ever, it is a question of balance. We need to remember our role. We are not the tenant's champion; we are not tenants' advocates; we are not landlords' puppets. We are what we are – an ombudsman service. Justice demands impartiality. Engaging with people demands awareness of our own and others' feelings. Our job demands both, and that is the balance we have to achieve.

Redress in the private rented sector

Proposals for a housing justice network

In their report, *The private rented sector: its contribution and potential*, Rugg and Rhodes recommend a licensing scheme for private-sector landlords, with a more effective system of redress. They suggest a 'housing justice network' or 'augmented system of housing redress', which should be linked to the licensing framework and funded by landlords' licence fees. The report does not specify or recommend in detail a model for such a system. It does suggest that tenants should have better access to housing advice and also that a single property tribunal *might* be easier for tenants to access, and *could* be connected to a specialised housing court. The report does not refer specifically to the Housing Ombudsman, but when presenting it to a British Property Federation (BPF) conference Dr Rugg did remark that the ingredients for an effective justice network are already in existence, 'including an excellent Housing Ombudsman Service'.

As a member of the audience at that conference I was very pleased to hear this view expressed publicly, because to be fully effective any housing justice network must include the Housing Ombudsman. The *Rugg Review* was published in October 2008. In June of the same year the Law Commission published its consultation paper *Administrative Redress: Public Bodies and the Citizen*, in which it described ombudsmen as one of the 'four pillars of justice'. The Law Commission was focusing on public bodies and citizens' redress, but many of its main points apply more generally. The consultation paper

refers to the Housing Ombudsman as well as to an article I wrote in 2003 for the Landlord and Tenant Review, which looked at the value of appropriate dispute resolution in housing with particular reference to the dispute resolution methods available to me as the Housing Ombudsman.

The Law Commission's other 'pillars of justice' were internal systems for redress, external non-court avenues of redress (such as tribunals), and court action. With the Housing Ombudsman, these are the right ingredients for an effective housing justice network. Adopting a complaints procedure is already acknowledged as good practice for landlords and managing agents. For instance, the *Residential Code of Conduct* recently published by the BPF requires members who sign up for the code to have a written complaints procedure. The Code also requires complaints procedures to allow for escalation to independent scrutiny by either of two ombudsmen, one of which is the Housing Ombudsman.

…while courts are one form of external review, they are often not the most appropriate way to meet… needs for redress and improvement

There are similar requirements and references to the Housing Ombudsman in the *Code of Guidance* approved by the Secretary of State and published by the Association of Retirement Housing Managers, many of whose members operate in the private rented sector. The Law Commission recognises that complaints can help to redress grievances and improve the way things are done, but they fulfil this role most effectively if there are internal and external systems in place to review the complaints. Also, while courts are one form of external review, they are often not the most appropriate way to meet these twin needs for redress and improvement.

The Rugg Review recommends registration of private-sector landlords through a framework of licensing, in which each landlord would need one licence and each licence would be charged at a '*low* annual fee'. Given the likely administration costs of such a scheme, there would probably be too little money left over to establish a brand new justice network, and perhaps this was what Dr Rugg was acknowledging, in part at least, at the BPF conference. Adapting the concept of the 'four pillars of justice' to the housing context is likely to be the most practical, affordable, and achievable option available.

In the context of disputes between landlords and tenants, the Ombudsman, the Residential Property Tribunal Service, and the courts are already well placed to work together and complement each other. They are part of a common dispute resolution spectrum. Their roles are separate but connected in variable proportions. For instance, the courts are the proper forum for dealing with dispossessing tenants; assessing and awarding damages; novel points of law; and granting injunctions in cases such as anti-social behaviour.

The tribunal is composed of experts on technical matters of landlord and tenant law relating to issues such as service charges; the appointment of managers; rent levels; leasehold enfranchisement; estate management schemes; and the right of first refusal to buy a freehold.

The Ombudsman and ADR

Although I do sometimes find maladministration, the essential purpose of our core process is to enable early and fair dispute resolution in housing. As Housing Ombudsman, I have the power to support and sustain the relationship between a landlord and a tenant by investigation and also by conciliation, mediation, arbitration, adjudication with a hearing, adjudication on the papers, and early neutral assessment. These are methods of dispute resolution that suit landlord and tenant disputes in both the public and private-rented sector.

The Civil Procedure Rules (CPR) carry forward the spirit and intention of Lord Woolf's report on Access to Justice in making it clear that judges and ombudsmen can contribute in variable proportions, as needed, to the delivery of justice. Judges expect parties to have used alternative dispute resolution (ADR) opportunities where available rather than invariably pursuing an adversarial route. For example, the CPR disrepair protocol requires the parties to consider whether ADR would be more suitable than litigation, and if so, to try to agree which form to adopt. The court may require both the claimant and defendant to prove that they have considered alternative ways of resolving their dispute. The courts view litigation as a last resort, and advise against making claims prematurely while still pursuing settlement through ADR. They warn the parties that if they do not follow the protocol, then the court must take this into account when determining costs. The courts refer council tenants to the Local Government Ombudsman, and tenants of other social landlords to the Housing Ombudsman.

Judges expect parties to have used alternative dispute resolution (ADR) opportunities… rather than invariably pursuing an adversarial route

My office is established by statute and my jurisdiction, powers and duties, and also my appointment and its terms, are approved by the Secretary of State. According to the criteria for membership of the British and Irish Ombudsman Association, my Service is fair, effective, publicly accountable, independent, and impartial. My Service has long experience and expertise in the private as well as the social rented sector. It is accessible and user friendly, in that using it is less formal and stressful than an adversarial trial. I make decisions according to my opinion of what is fair and reasonable in all the circumstances through a process that is private and confidential. If I publish details of a case I have investigated I never mention the name

of the complainant. My procedure does not require complainants to have legal representation; it puts provider and resident on an equal footing. It is free at the point of access and I do not order costs against any party in any circumstances.

…a key difference between the courts and ombudsmen is that ombudsmen approach fact-finding and dispute resolution in a spirit of enquiry rather than combat

Different approaches – inquisitorial or adversarial

As the Law Commission pointed out, a key difference between the courts and ombudsmen is that ombudsmen approach fact-finding and dispute resolution in a spirit of enquiry rather than combat – they ask more questions of more people and often seek conciliation rather than victory. Like other ombudsmen, I employ teams of expert caseworkers to define the nature of the dispute and investigate it independently, and the caseworkers call in other experts where necessary. In this regard, the Law Commission observed that different types of forum suit different disputes, depending partly on how far complainants feel competent to handle their own cases. Some may not be able to cope with the adversarial nature of court proceedings, depending on their age, state of health, and level of education. I agree with the Commission that where claimants do not know the full facts and could not obtain them through court proceedings, an ombudsman may be the more appropriate way to pursue their claim. In court the parties have to obtain their own evidence and decide

what information to present, whereas my adjudicators find the information and have more scope than courts to 'ferret out the facts'. The Commission also recognised that, if the complainant has an ongoing relationship with the body complained against (as tenant, for example), then they may find the less adversarial and more conciliatory forum of the ombudsman more appropriate than the courts.

Housing Ombudsman investigations follow an inquisitorial, not adversarial, process. Once we have identified the key issues of the complaint we seek relevant evidence from appropriate sources. We do not make decisions based solely on submissions from the parties or their representatives. Moreover, my Scheme states that I am not bound by any legal rule of evidence.

Housing Ombudsman investigations follow an inquisitorial, not adversarial, process… we do not make decisions based solely on submissions from the parties…

Other commentators have also noted the advantages of the vigorous approach of ombudsmen to information gathering; we are able to gather much more knowledge than the courts do, and that knowledge is more reliable as we will have investigated it for ourselves rather than having to accept what the two parties tell. This approach has enabled ombudsmen to undertake penetrating investigations into important and complex matters. In this way, as the Law Commission noted, non-court means of dispute resolution, particularly ombudsmen, can highlight systemic administrative problems and therefore can improve the quality of public services more effectively than the courts can.

An approach that is flexible and wide-ranging but individual

Ombudsmen processes are flexible. They are almost entirely paper-based, avoiding the need for providers or complainants to appear in court. Results are published in various media. The identities of complainants are never revealed and non-compliance is rare.

In my own case, although my intervention starts when residents or others make a complaint to me, once I have accepted it within my jurisdiction the complaint belongs to me as the Ombudsman. My Scheme states that it is for me to decide how to investigate it.

My role is more extensive than that of a complaints department. Cases that reach me have been escalated from landlords' original complaints procedures, and I am concerned to establish whether a landlord has been responsible for maladministration. I am well placed to uncover systemic failure by investigation. The quasi-judicial nature of my role is characterised by two features in particular. First, I have wide discretion to adopt and apply any suitable mode of dispute

resolution. Secondly, the results can go further than the complaint as presented. For instance, my Scheme allows me to consider disputes that are still unresolved – whether or not involving maladministration by the landlord – and if or how they might be resolved. This explains why we sometimes state determinations in terms that are wider than those of the original complaint and also why we sometimes make recommendations to landlords even where we have found no maladministration.

Finality

The decisions of an Ombudsman are final and there is no appeal against them. This enables a line to be drawn under a grievance or dispute; the parties can concentrate on establishing or re-establishing an ongoing relationship, and there is no excuse or reason for providers, advisers, MPs, councillors and the like to spend any more time or resources on the issue.

Remedies

Ombudsmen have the power and discretion to award remedies as appropriate. As the Law Commission observed, court-based systems do not always offer the types of remedies or solutions the claimant wants, while other means of review and complaint handling can offer remedies that are more appropriate to the situation. In my own case, for instance, I may award compensation, or recommend that a landlord apologise to the complainant or change policies or procedures, or take or refrain from other action, as appropriate.

The Law Commission observed that the choice of forum (courts or ombudsman) will depend partly on what sort of remedy or outcome a claimant seeks. Where claimants want an explanation or an apology, an ombudsman may be more appropriate, as our reports explain how and why things have gone wrong. Ombudsmen tend to use a broader range of remedies than courts. As well as recommending financial compensation or specific reparation in kind, they can ask the public body to apologise to the complainant, explain what went wrong, or reconsider a decision. The diversity of the remedies available to ombudsmen allows them to respond flexibly to the complaint at hand and to the claimant's needs and wants. However, they can also go beyond individual complaints and help bring about systemic change. They can recommend reviews of procedure, policy and practice or suggest that the service provider consider the situation of other people like the claimant. In this way, individual complaints can result in a review of the whole system, which can improve things for many other people. The Law Commission considered this to be one of the key strengths of ombudsman schemes.

It is not the role of the courts, the tribunal or the Ombudsman to give general legal advice to callers on their legal or other rights and obligations. Nevertheless, a large part of our customer care service is to give information and guidance to people about their complaints or other agencies that might be able to help them if we cannot.

Compliance and enforcement

Unlike the courts, ombudsmen have no power to enforce their recommendations. This means that, in principle, a provider might refuse to implement my orders or recommendations. However, ombudsmen can use other means to secure redress if they meet with non-compliance. The Law Commission found that while people may question the lack of enforcement powers, calls to make ombudsmen's recommendations enforceable in courts have generally been resisted on various grounds. First, ombudsmen's recommendations are said to carry moral authority, which leads to compliance in practice. This moral force comes from acting independently and impartially and works in practice because non-compliance puts a provider's reputation at risk.

…while people may question the lack of enforcement powers… ombudsmen's recommendations are said to carry moral authority…

Providers nearly always comply with ombudsmen's recommendations, suggesting that non-compliance is not a serious issue in practice. Even where the provider might initially resist, we can place pressure on it in other ways. Non-enforceability can encourage dialogue and co-operation between ombudsman and providers, which ombudsmen rely on in carrying out their investigations and getting results. This co-operative approach is considered another important strength of ombudsman schemes.

Ombudsmen are often able to find a positive way forward through dialogue with the provider. This, according to the Law Commission, is a lot harder to do, if not impossible, with the courts. Thus, an ombudsman can improve public services more effectively by encouraging the provider to take ownership of the issue and believe in the solution, rather than having it foisted on them through some adversarial process.

A study comparing the coercive style of the Dutch administrative courts with the co-operative style of the Dutch ombudsmen concluded that the ombudsmen's co-operative approach produced less conflict in policy and fewer defensive reactions. Because ombudsmen decisions are not legally enforceable, providers may feel less threatened. Also, they are often allowed to implement recommendations in the ways they prefer. However, if they do react defensively, the ombudsman has several ways to address this through government or relevant agencies.

In general, there is concern that making recommendations enforceable might result in a more confrontational approach. It might lead to defensive practices and make the process more formal, costly and lengthy.

…I consider that a key outcome of my work is to help landlords and tenants establish good relations

Good management and systemic change

The Law Commission recognised that ombudsmen's interventions add value to the sectors in which they operate. I referred to this feature of my own role in my report for 2008. For instance, I consider that a key outcome of my work is to help landlords and tenants establish good relations. Also, my advice helps landlords to know and apply good management practices, policies and procedures, and helps improve tenants' quality of life by ensuring that they are receiving the benefits and services to which they are entitled under law, policy, and their tenancy agreements.

The Law Commission also noted that resolving disputes out of court, particularly by ombudsmen, can highlight systemic administrative problems more effectively, and therefore ADR can have a greater impact on the quality of public service delivery than the courts do. While internal complaint mechanisms resolve many individual cases, ombudsmen can undertake large-scale investigations into systemic issues and make findings and recommendations that can bring about widespread administrative change; receiving, investigating and resolving complaints can expose systemic failures in administrative behaviour and improve shortcomings in the standard or responsiveness of service delivery. Accordingly, ombudsmen can bring about higher standards of administration to the benefit of providers and complainants.

The Commission observed that systems of complaint handling and redress are part of good governance and demonstrate accountability. They should be subject to the same high standards of responsiveness and transparency as the other aspects of administration. The Law Commission concluded that providing an effective system of redress to claimants is not just consistent with good governance and administrative accountability, it is a manifestation of them.

Maladministration

Under my Scheme, one of my functions, when investigating a complaint, is to establish whether a provider has been responsible for maladministration. The Law Commission drew attention to an overlap between the jurisdictions of the courts and ombudsmen in that a particular set of facts may give rise to both a claim in law and a complaint of maladministration, which could be pursued either through the courts or by the ombudsmen. The Commission went on

to explain that the concept of maladministration is separate from, and broader than, the legal notions of illegality and negligence. Ombudsmen are therefore able to give complainants redress in circumstances where courts cannot. And a provider may be guilty of maladministration even though it has acted legally.

Where our investigation finds maladministration, we can recommend or order providers to put complainants into the position they would have been in had there been no maladministration. We can also recommend or order changes to providers' policies and practices on a 'lessons learnt' basis. My Scheme allows me discretion about what orders or recommendations to make to suit the particular circumstances of each case. The Law Commission reflected this in noting that court-based systems do not always offer the types of remedies or solutions complainants want, and that non-court systems can provide more flexible, appropriate and personal remedies. Specifically, the Commission observed that a court judgment is not necessarily an appropriate way to send messages to bureaucratic organisations. By comparison, non-court systems can achieve wider administrative improvements. They are able to offer the more constructive feedback needed to tackle institutional failure and recurring problems. Such feedback is in the common interests of claimants and providers, since public and other bodies are keen to avoid 'repetitive cycles of mistakes'.

My Scheme allows me discretion about what orders or recommendations to make to suit the particular circumstances of each case

Even where we find, as we often do, that there is no maladministration, this too has positive outcomes. The complainant has the opportunity to air the grievance before an independent, impartial third party, who analyses the evidence transparently and objectively. Also, as there is no appeal against the decision of the Ombudsman, the matter is concluded and the parties can get on with building or re-building a positive ongoing relationship.

Maintaining good relationships

The Law Commission noted that in more sensitive spheres of administration, such as child welfare and education, defendants and claimants both need to preserve a good working relationship during and after dispute resolution; but the confrontational nature of courtroom litigation makes this difficult.

This applies to housing too, as Lord Woolf made clear in *Access to Justice*; he said he believed in extending ombudsman schemes because they often offered people the best way of resolving their complaints fairly. An ombudsman scheme is especially likely to produce satisfactory results in housing, because relationships between tenants and landlords are ongoing and need to be as good as possible. In Lord

For claimants, the high costs and anxiety of litigation often stop them going to court. …courts should be the dispute resolution method of last resort…

Woolf's view, litigation in the courts is adversarial and therefore almost inevitably damaging to that relationship. He added that litigation can also be extremely expensive and swallow up resources which could be much better used to improve accommodation.

Costs of litigation and ADR

The Law Commission agrees that litigation is often the most time-consuming and resource-intensive means of resolving disputes. For claimants, the high costs and anxiety of litigation often stop them going to court. Providers have to consider the burden on resources and the confrontational nature of litigation. The costs of litigation make alternative systems of redress more attractive. The Government considers that 'courts should be the dispute resolution method of last resort' and has made a formal commitment to use ADR in all suitable cases. The Government is keen to ensure that 'problems can be solved and potential disputes nipped in the bud long before they escalate into formal legal proceedings'. The judiciary, says the Law Commission, agrees. I have already reported the savings in time and money we have achieved in recent years at different stages in our dispute resolution process, and our ambition to continue to improve on these and other indicators.

Reasons to complain

The Law Commission reported that people make complaints for complex and sector-specific reasons. While many seek financial compensation, claimants often have a hierarchy of objectives. In many cases, they want to be sure that their particular case has received appropriate consideration and that the law has been applied correctly and fairly.

Complainants may want people to recognise that they have been mistreated. The Law Commission mentions research on clinical negligence litigation, which has shown that many individuals who have been poorly treated simply want an investigation into the mishandling of their case and, where appropriate, an explanation and an apology. Several studies have shown that what most claimants really want is an opportunity to express dissatisfaction or voice a grievance without requesting a specific outcome. Our experience confirms this. We also find that complainants are anxious to ensure that others will not suffer the same problems. The Law Commission was aware of research that suggests that many claimants go to court in the hope that it will lead to a change in administrative practice and help ensure that mistakes are not repeated. The Commission says courts are not necessarily the most appropriate way of achieving these aims. Litigation is often piecemeal and case specific.

Considering a particular case does not permit a court to make a wide-ranging review of the relevant administrative or professional practices.

Litigation cannot necessarily achieve these outcomes, says the Law Commission. Claimants can ask for limited remedies and a court may simply not have the jurisdiction to grant more. Even where claimants want financial compensation, currently the courts are only able to award it in particular circumstances for particular types of loss. In negligence cases (under tort law) the basic reason for granting damages is to restore claimants to the position they were in immediately before the negligence occurred; it is not to vindicate the claimant's rights or to punish or 'make an example of' the provider. Tort is generally also of little use to those seeking compensation for worry or emotional distress.

Overall, the arguments in favour of the Housing Ombudsman being an essential feature of an augmented housing redress scheme are as powerful now as they ever were. I believe they show it would be impossible for any 'housing justice network' or 'augmented system of housing redress' to be described as 'effective' if it excluded the Housing Ombudsman.

…arguments in favour of the Housing Ombudsman being an essential feature of an augmented housing redress scheme are as powerful now as they ever were

Casework summaries on the web

I am pleased that we are working with *HouseMark* to make available through their website and mine summaries of headline cases from my Service, and the supplementary practice information connected with them. This will show how we add value to the rented-housing sector. Through this medium, providers, tenants, and their advisers will be able to learn from a variety of complaint-handling experiences. Providers will be able to use these examples to improve the way they handle complaints, in the context of a new regulatory environment that will highlight standards of complaint handling and quality of service to residents.

This service can be accessed via *HouseMark*'s website (*www.housemark.co.uk*) or by clicking the link on my website (*www.housing-ombudsman.org.uk*). Searches can be made by keyword, topic, determination, and tenure. It will be regularly updated with the latest cases and will be complemented by cases from the local Government Ombudsman and by *HouseMark*'s forthcoming complaints benchmarking service.

…case digests can be found in HouseMark's subscriber website in a new section… entitled 'Ombudsman Says'

The case digests can also be found in *HouseMark*'s subscriber website where subscribers can comment on a particular case digest and share thoughts in *HouseMark*'s Forum, read the latest and most relevant publications on complaints management in the 'related content' section, and browse for and read any related documents from the Knowledge Base.

The Tenant Services Authority

As housing regulator, the Tenant Services Authority (TSA) has completed its *National Conversation* with residents in social housing, landlords and stakeholders. We took part in all but one of the events for residents, two of the meetings for landlords, and one of the briefings for stakeholders. We gathered helpful information from all these events about the participants' views on housing issues and also about their perceptions of the respective roles of the Housing Ombudsman and the TSA.

Under the Housing and Regeneration Act 2008, the TSA must publish guidance on the complaints it receives about the performance of registered providers and how it uses and intends to use its intervention powers under the Act. Before issuing the guidance it must consult certain bodies. Although the statute does not expressly mention the Housing Ombudsman for this purpose, we have held several productive and helpful meetings with the TSA at which this and other matters have been discussed and acted upon.

One of those actions is a jointly endorsed initial publication to help people understand which organisation deals with which types of complaint. It encourages residents to try to sort out problems with providers if at all possible. In case that does not work it gives advice on how to make a formal complaint against a provider. After that, residents are directed to the Housing Ombudsman Service. The TSA will not normally investigate tenant or leaseholder complaints or get involved in disputes between an association and an individual or group of complainants, or disputes between individuals. My Service similarly lacks the power to get involved in disputes between individuals but, subject to the pre-conditions set out in the approved Scheme, we do have power to receive complaints about registered providers from a group of residents, where the complaint is brought by a representative who has authority to act on the group's behalf.

The TSA may get involved in dealing with complaints about an association if it becomes concerned about a specific issue or if it sees any patterns or trends appearing in the complaints received. In those circumstances it will look at overall performance matters and will not resolve or report back on individual or group complaints.

It will deal with allegations that a provider or its staff are deliberately acting in a way that is leading to serious mismanagement or fraud. It will also consider 'whistleblowing' from people who believe that staff of the provider may be acting illegally or improperly, for example by breaching regulations or awarding contracts through fraud or favouritism.

Our early meetings have produced agreement on a new information-sharing protocol between us and the TSA, similar to the ones we have had with the Housing Corporation and the Audit Commission.

The TSA supports our initiative to consider drawing up a complaints route map (see below), and wishes to liaise with us over training for landlords; developing complaint standards; reviewing a jointly endorsed best-practice guide to complaint handling for providers; developing a shared training and learning programme of events for staff; and managing complaints from residents generally. The new protocol will facilitate these developments.

Cross-domain regulation

The TSA expects to begin the new regulatory standards and processes for registered providers and local housing authorities on 1 April 2010. In the meantime, they want to work with my Service and the Commission for Local Administration in England to ensure consistency in their approach at domain-wide level. We are very keen to support this approach, especially now that we have been informed that ministers have formally decided that no-one (tenants least of all) wants a single ombudsman for the extended domain. Accordingly, we have been discussing with the Commission the terms of an information-sharing protocol between them and us.

User perception and awareness research

We received the results of a research project carried out by consultants, which monitored progress (at phase 2) in respect of:

A how far residents and providers within my jurisdiction are aware of the existence and remit of my Service and the process by which we deal with complaints and disputes;

B whether difficulties (perceived or actual) arise in accessing my Service on account of the profile of complainants – including locality, ethnicity, gender, sexuality, special needs, and household composition;

C the reasons for any differences in residents' awareness and use of the Service, and how to reach residents who do not use it;

D users' (residents' and providers') needs and expectations of my Service;

E how best to track whether the awareness and perceptions of residents and providers within my jurisdiction change over time; and

F whether particular aspects of my Service give rise to concern and require more extensive review.

The research has provided us with a sound platform to look into critical aspects of our business plan and programmes. We have used the findings to inform changes to our promotional material, our website, and the form, content and tone of our communications with customers.

We have also used the findings to inform our future business planning. We aim to be a recognised centre of excellence for dispute resolution in housing. To that end we shall be gathering information from the people we serve to find out what they want from us. Once we fully understand the needs and expectations of residents, landlords, and managing agents we can shape our services to meet them. We shall also look to become more effective in the ways we work with and influence our other stakeholders.

It is important that we make clear to people why they should choose the Housing Ombudsman as their redress scheme. We have therefore designed an ambitious programme that includes a customer-focus action plan and a stakeholder perception study. We shall also be developing a new communications and engagement strategy, which will ensure that we continue to concentrate efforts and resources on raising awareness of the Service and making access to it easy for all who have legitimate and unresolved complaints and disputes involving member organisations.

British Property Foundation (BPF) – Residential Code of Guidance

The BPF has introduced this code. Adoption of the code by BPF members is voluntary. By signing up to it, a landlord or agent promises occupiers and prospective occupiers that they will keep to its terms; and that they have a written complaints procedure which is easily accessible and provides for independent scrutiny of complaints where these still remain unresolved.

A landlord's or agent's complaints procedure must provide for independent scrutiny of complaints if the tenant remains unsatisfied with the response or outcome after going through that procedure. The Code identifies the Housing Ombudsman and the Surveyors' Ombudsman as the two schemes endorsed by the BPF to deal with escalated complaints and disputes. Landlords and agents who sign up to the code are responsible for ensuring they belong to an approved independent complaints-handling scheme.

Failure to be a member of an approved independent complaints-handling scheme would mean they were in serious breach of the Code. Several landlords and agents had voluntarily joined my Service even before the introduction of this Code. Since its introduction others have done so as well.

I strongly support this latest initiative by the BPF, which shows that it takes the lead in excellent practice in the private rented sector. BPF members fully understand the importance of an Ombudsman service as an effective system of redress in the housing justice network. Equally, they recognise that giving tenants access to independent, external, escalated complaint handling and dispute resolution supports positive relationships; demonstrates commitment to customer care; and makes sound business sense by limiting voids, strengthening revenue flow, and reducing management costs.

I strongly support… the BPF, which shows that it takes the lead in excellent practice in the private rented sector

'Mapping the maze'

In my report for 2008 I mentioned that, in future, residents in the extended 'social housing' domain might become confused about where to go for help with their complaints. In particular, there will be two ombudsman services, the complaint-handling section of the TSA, the National Tenants' Voice, and the Independent Complaints Reviewer for the TSA. This issue was taken up at my Stakeholders Forum and led to my office, the Chartered Institute of Housing (CIH), and *HouseMark* coming together to look into the possibility of a 'route map' to direct complainants, providers, and relevant stakeholders to the most appropriate course of redress for their query or complaint.

We organised two focus groups; one in London, the other in Birmingham. They were attended by tenants, landlords and representatives from my office, CIH, *HouseMark*, TSA, Communities and Local Government, tenant and resident organisations of England, the Tenant Participation Advisory Service, and the Confederation of Co-operative Housing. These events confirmed that the sector broadly supported the idea of a 'route map'. We considered what that might look like, how it might work, who the relevant stakeholders were, and next steps to produce it.

We agreed that the task is complex and that the most pragmatic, feasible, and cost-effective solution will be to map existing provision rather than start from scratch. The CIH and CLG agreed to work on a pilot project focusing on the complaints of older people in supported housing, where ministers are concerned that many residents seem uncertain how to complain or who to complain to. This microcosm of confusion within housing will provide an opportunity to develop pilot procedures for residents and advice agencies.

'What about leaseholders?' was one of the most common questions asked during the TSA's National Conversation…

Leaseholders

'What about leaseholders?' was one of the most common questions asked during the TSA's National Conversation with tenants and other stakeholders. Although leaseholders are very clearly tenants according to the legal definition of the landlord and tenant relationship, they are expressly excluded from the definition of 'social housing' in the Housing and Regeneration Act 2008. Accordingly, leaseholders will not benefit from the TSA's new regulatory standards but, provided their landlords are members of my Scheme, they will be able to bring their complaints and disputes to me. It is too early to predict all the consequences that may flow from this. Any orders that I might make in such cases will not be enforceable under the regulator's new statutory powers.

Vexatious litigation

We investigated a complaint brought by Mr M against his landlord in respect of a transfer application. During the investigation he produced letters in support of his case that appeared to be fabricated. The landlord pointed out some fundamental anomalies in the letters and we referred to that in our report. We made no findings on whether or not Mr M had made the evidence up but did conclude that we could not rely on it. We found no maladministration.

Mr M issued judicial review proceedings in the Divisional Court of the High Court in respect of our determination. In refusing

permission to apply, the judge observed, firstly, that the dispute was one of fact with Mr M's landlord rather than one of law with me and, secondly, that the claim against me was 'unarguable'. Mr M also issued proceedings against me, as Ombudsman, in the county court for racial discrimination. He alleged racist abuse by a member of my staff. This claim was entirely unsubstantiated. The District Judge ordered that the particulars of claim be entirely struck out as wholly lacking the precision required by the Civil Procedure Rules.

Both courts held that there was no merit in either application, but our expenses in defending the claims were increased by the fact that Mr M was a litigant in person, which tends to cause administrative complications. Although costs were awarded against Mr M, we did not pursue them.

Complaints against the Service

In the first quarter of the reporting year we launched new Customer Care Standards for our dispute resolution work. We also introduced a new process for handling complaints against the Service. Our aim was to provide a more open and accessible system for considering complaints and comments about our work. Complaints against the Service provide useful feedback on customers' perception of it. They also provide a direct way for customers to tell us how we are performing against our Customer Care Standards.

The new process does much more than pay lip service to my duty to publish the arrangements for making complaints against the Service. Our message to landlords and managing agents is that complaints should be viewed positively rather than as a necessary evil. It is important that our own mechanisms for reviewing and recording complaints reflect the good practice that we encourage in landlords. We have therefore taken care to ensure that the process:

- is accessible to all customers at any stage of our process
- can be accessed without the need to make a 'formal' complaint
- allows for independent review
- is not defensive or reluctant to admit mistakes, or apologise
- feeds back its outcomes into our system reviews and informs future improvements.

It is satisfying, therefore, that the new process has led to a significant rise in complaints – nearly three times as many this year as last year under the old arrangements. This is partly explained by an improvement in recording complaints against the Service. We also consider it an indicator of our success in making the process more accessible. The increase does not signify a higher failure rate in our service delivery or more dissatisfaction among service users.

Complaints under the new system were fully recorded from July 2008. From July 2008 to March 2009 we received 57 complaints against the Service. In 40% of those cases, at least one element of the complaint was upheld. Nearly 40% of complaints were upheld where we found that we did not comply with our Customer Care Standards for acknowledging or responding to correspondence. Another 25% related to findings of unnecessary delay in conducting casework. Other complaints were upheld for minor administrative errors and lapses in giving information.

The number of complaints is low for the number of people who use our Service and the nature of our business. Both our Customer Care Standards and the dispute resolution process are new so we welcome the feedback that comes from complaints because it helps us to improve.

Improving accessibility and efficiency

In April 2008, after a comprehensive review, we introduced a new process for handling casework. A main aim was to ensure that the core process fulfilled the mission of the Service, *'enabling early and fair dispute resolution in housing'*. Specific goals were to reduce processing times, improve efficiency and improve our customer service.

We also introduced a more flexible team structure to ensure that resources were available where and when needed. We wanted to allocate adequate resources to the early part of the process. Of the complaints coming to us last year, 22% were outside our jurisdiction. Another 63% came to us too early to investigate, generally because the complaint had not gone through the landlord's complaints procedure. Handling a large number of 'premature' complaints requires significant resources, whatever the quality of service.

…63% came to us too early to investigate, generally because the complaint had not gone through the landlord's complaints procedure

We view premature complaints as an opportunity to help the parties to resolve the dispute themselves. We do this by providing clear information about our Service, and giving advice and assistance to complainants and landlords on complaints procedures and good practice. We also run a programme of training for landlords in effective complaint handling.

Our changes should help achieve our vision of *'raising awareness, extending access, increasing understanding'*. We facilitated better and more readily accessible telephone contact so that customers contacting the Service for the first time can get help more easily, and that caseworkers are more available to discuss cases in progress. We recognised that the high-volume, fast-turnover casework characteristic of first contact often requires highly skilled staff. We are now better prepared to give high-quality advice, and to record what goes on more efficiently, through our new casework management system. As our system beds in, we will be able to monitor trends and outcomes in this area of service delivery more effectively.

A better-quality service at the start of the process, better-quality assistance with internal complaints procedures, and advice to landlords, all help us to resolve disputes at an early stage. We can also readily identify complaints that are outside the Ombudsman's jurisdiction and can provide assistance promptly, or tell people where

to find it. We can also quickly identify premature complaints and give appropriate assistance.

We recorded receipt of 3,870 new complaints in the year from April 2008. This was a 21% increase over the number in the previous year. We also handled nearly 3,000 enquiries. The equivalent volume for the previous year was unrecorded.

Investment in the early stages of the process pays off in the investigation of complaints confirmed as being within the Ombudsman's jurisdiction. Better use of resources helps us to identify the evidence relevant to a complaint at an earlier stage, which saves time in our investigations.

In the last year our team investigated and determined 398 complaints, up 40% on the previous year. The average length of an investigation was 21 weeks, 22% less than in the previous year. This reduction clearly benefits complainants and landlords alike.

Introducing the new system enabled us to improve the quality of our customer care. Giving customers greater accessibility to skilled staff had an immediate impact. This was borne out by positive responses to a customer survey in autumn 2008, which asked particularly for feedback on our new telephone service. Other initiatives have been introduced to improve the quality of information available about the Service. This led us to develop and publish new leaflets about the Service and to develop a new website. We are also improving the information we provide about the progress of individual complaints and our service standards and targets.

…initiatives have been introduced to improve the quality of information available about the Service

The new process is evidently more efficient, as our improvements in performance have been achieved without increasing the resources in the dispute resolution team. We continue to seek improvements in how we work, particularly in customer care, and to focus more closely on the experience of our customers. In its first year the dispute resolution process has undoubtedly proved a success and will provide a sound framework for future improvements and efficiencies.

Complaints handling update

Three years ago a section of our annual report focused on common issues affecting landlords' handling of complaints. We noted then, and it is still true, that many landlords operate effective complaints processes. In a number of cases every year we do not find maladministration, because the landlord has, during its internal complaint procedure, acknowledged its failings and offered the complainant substantial redress. Our findings in those cases deliberately reflect and recognise the landlord's efforts to resolve the dispute. We also see many examples of clear procedures consistently applied, where landlords treat tenants fairly and manage their expectations.

Where a complaint is referred to us at the end of the internal complaint procedure, this does not mean that the landlord's complaint-handling process or housing management function has failed. We continue to receive many complaints where people are dissatisfied with the outcome. Only when we investigate a complaint can we judge what lies behind it. In many cases we find the landlord is not at fault.

Landlords increasingly recognise the positive side of complaints. As well as allowing feedback, complaints can offer a valuable early warning signal, alerting landlords to problems before they get worse. They can help landlords show that even when things go wrong they are able to respond positively.

Complaints also give landlords an opportunity to build trust and understanding with tenants. Even when the complaint isn't justified, it can offer the chance to manage the expectations and perceptions of tenants more effectively. Also, by using the complaint process to consider their performance objectively, landlords can learn from their mistakes and improve their services.

Even when the complaint isn't justified, it can offer the chance to manage the expectations and perceptions of tenants more effectively

A good panel can help!

Despite the potential benefits, complaint handling is time consuming and sometimes difficult. However, one of the keys to successful complaint handling is objectivity. Complaint handling must be integrated into a landlord's systems and complaints recognised as an important source of feedback. The need for objectivity is partly why

we continue to recommend that landlords hold a panel hearing as the final review stage of their internal complaint process.

In addition to ensuring that the complainant gets a *fair hearing*, a panel demonstrates a landlord's commitment to the importance of complaint handling. It ensures that complaints can be examined objectively by people not involved in dealing with the original problem, and raises awareness of issues throughout the organisation.

When we find that a landlord has offered the complainant substantial redress, it is often because a complaints panel has taken a fresh look at the matter, acknowledged any errors and comprehensively corrected them. In none of those cases did the panel stop the complainant bringing the matter to us. However, in every one of them it saved the landlord from a finding of maladministration.

Tenants have a right to complain

Tenants of our member organisations have a right to complain about services. At the end of the landlord's complaint process, tenants who remain dissatisfied have the right to complain to the Ombudsman.

A landlord cannot refuse a tenant's right to complain because it thinks the complaint – or indeed the complainant – lacks merit.

When a complaint is brought to the Ombudsman we must consider whether it falls within our jurisdiction. If it does not, we cannot investigate. This decision is not related to our judgement of the merits of a complaint or to how a complainant presents it.

Landlords should always try to give complainants access to the complaint process. The process should be flexible enough to allow the landlord to manage complaints effectively and proportionately – including managing tenants' unreasonable behaviour. Complaints and sometimes complainants have to be effectively managed; simply barring them from the complaint process at the outset will not help to resolve the issues and will often make things worse.

Applying discretion in complaint handling

Landlords must make decisions that comply with statutory, contractual and regulatory obligations. However, we encourage landlords to allow themselves to use discretion, where appropriate, in the way they manage complaints. Even with the best intentions, landlords can become victims of their own prescriptive procedures. Common examples are where complainants submit numerous complaints, constantly raise new issues or demand a lot of attention.

Not all these behaviours should automatically be classed as 'unreasonable', as the complaint itself may turn out to have some merit. Landlords often have to distinguish between the complaint and how the complainant is presenting it. Procedures must enable staff to manage any complaint effectively. When considering a departure from standard procedure, the landlord should always think about how it will help to resolve the dispute.

All complainants are entitled to be treated fairly. Therefore any deviation from procedure should be considered in the context of the complaint, and in proportion to the difficulties presented by the complainant. The landlord should keep the complainant regularly informed and should explain why and how it is varying its procedure.

Above all it is important to keep records of the key decisions, who made them and why. Good, sound decisions deserve to be recorded so that they are accessible to colleagues, the complainant and the Ombudsman.

All complainants are entitled to be treated fairly. Therefore any deviation from procedure should be considered in the context of the complaint…

A clear distinction between making a complaint and reporting a problem

Before considering a complaint, we usually ask the complainant to take it through the landlord's complaints process. When they approach us, many complainants are uncertain whether they have made a complaint. There is clearly confusion over the difference between *reporting a problem* in the first place and later *making a complaint* under the landlord's formal process.

This confusion is not confined to complainants. A common problem occurs when tenants try to make a complaint and then get locked into a cycle of referral back to the landlord's operational teams. In many cases, referring an issue to the team that can resolve it is an effective and practical step. However, a complaint should trigger the start of the complaint procedure, which should be monitored and managed. Referral to another department for action can be a legitimate outcome to a complaint, but the purpose of a complaint-handling process is also to keep an overview of progress and ensure that the complainant is kept informed.

A complaint process must be clear and accessible. When tenants are confused about how to report a problem or make a complaint, a landlord should try to make it straightforward rather than complicating the process. A different process is unlikely to help the complainant or resolve the matter. Landlords who operate good procedures make them easy to use and take responsibility for explaining procedures in a way that tenants can understand.

Should customer satisfaction drive complaint handling?

Good customer service is important in complaint handling. Having well-skilled staff who take the time to understand the issues goes a long way towards resolving complaints to a tenant's satisfaction. However, a simplistic definition of *customer satisfaction* causes problems if a landlord relies on it too heavily in measuring the success of the complaint procedure.

Some complainants are only satisfied when their expectations are fully met. Yet some of those expectations are unreasonable or can't be met. Often, meeting tenants' expectations would mean a landlord breached the law or their duties to other tenants or members of staff. Complainants may say they want a neighbour evicted or a member of staff sacked. But landlords have a complex web of responsibilities that may stop them doing this. Good customer service means being realistic about what can be achieved, and managing tenants' expectations. It can be distorted by an unbalanced view of customer satisfaction.

Good customer service means being realistic about what can be achieved, and managing tenants' expectations

Casework digest

Introduction

Many of the cases in this year's digest are about how landlords communicate with their tenants.

Difficulties can arise, for example, when the rights and obligations of the parties are not made clear at the start of shared ownership or when tenants use the right to buy.

We have included cases involving post-purchase repairs and parking. Common to these and all other kinds of complaint is the need for landlords to recognise and manage the expectations that lie behind tenants' complaints.

Several cases are about consultation. Tenants may not fully understand landlords' obligations to consult, so they have unrealistic expectations. Landlords need to manage these expectations properly and consult using fair and open procedures.

In many cases, poor communication contributes to a tenant's original grievance and is repeated in the landlord's complaint handling. Problems may be made worse by landlords not keeping tenants informed or up to date on things that concern them. And landlords often fail to give adequate explanations for their decisions or provide inconsistent or inaccurate information.

…poor communication contributes to a tenant's original grievance…

There is sometimes a relationship between poor communication and poor record keeping, with landlords unable to show how they have responded to problems raised by tenants. In many cases, a primary source of evidence is the contemporary record of the communication between the parties. If the record does not show evidence of maladministration on the main issues, this might be thought to work in a landlord's favour. Yet in such cases we will always consider whether the standard of record keeping itself amounts to maladministration. We still come across landlords who comply with their obligations but whose poor records prevent them giving evidence of this.

Cases

These case studies are summaries of our full determinations. In some we include only certain aspects of a complaint. As the cases are illustrative only, we have not stated all the facts and evidence we relied on in reaching decisions. Details of any compensation awards are specific to each case.

Delays in dealing with disrepair

Mr S was an assured tenant who complained about his landlord's response to reports of disrepair.

Mr S reported a leak from the flat above, and in January 2007 several other repairs

In December 2006 Mr S reported a leak from the flat above, and in January 2007 several other repairs. His main concern was the state of repair of several windows in his flat, and he also reported other minor repairs that created draughts. Mr S was disabled and particularly susceptible to cold and moist conditions.

An inspection in January 2007 led to orders being raised to repair a damaged ceiling and to ease and adjust sash windows in two rooms. The completion target was between five and 20 days, in line with the priorities of the landlord's repairs policy.

However, the work was not done as arranged; in particular the window work was cancelled. The contractor had judged that the windows needed replacing and had referred this to another of the landlord's departments. However, Mr S was not told this, nor that the other department was only responsible for planned and not responsive work. In any case Mr S's property was in a conservation area and the proposed window renewal could not have got planning permission.

The windows were re-inspected in April and May 2007, but the landlord said that no copies of the inspection reports were available and there were *'no surveyors' reports'*. This may suggest it did not keep such reports. Alternatively, it may suggest that as well as sub-contracting the supervision and completion of the work, as was appropriate, the landlord had also delegated the monitoring of the work to the contractor, and this was not appropriate.

While the landlord sought a long-term solution, it completed no repairs, temporary or otherwise, to tackle the problem. This was despite recording a note about the windows to *'treat as urgent, tenant is quite ill'* and *'attend site urgently to measure up and return to renew rotten sash'*.

In May 2007 Mr S formally complained about the landlord's handling of the repairs, and this prompted the landlord to review the outstanding work. After this review it placed more orders on the system, and referred the work to the same sub-contractor as before.

Although initially the landlord stated in July 2007 that it did *'…not believe that* [the sub-contractor] *is at fault in this matter'*, by August it had revised its opinion and wrote to Mr S to apologise for *'a breakdown in communication between* [the landlord and sub-contractors] *…this is due to the repairs systems which we accept are not providing accurate information…because of the length of time it has taken for your repairs to be carried out…*[the contractors] *will not carry out any more works due to take place at your home'*. The letter also confirmed that a senior tenant liaison officer (STLO) was to co-ordinate and liaise with Mr S.

On the evidence of both parties the situation improved significantly once the STLO began co-ordinating events.

In October 2007 the STLO and a consultant surveyor inspected again. The work was reordered and completed, and at the panel that reviewed Mr S's complaint in January 2008, he accepted that the flat was *'more or less comfortable'* and that he was happy with the work. Also at the panel, the landlord accepted that its internal communications had been poor, as had its communications with Mr S. It acknowledged that work had at one point been referred to a department that was not responsible for doing repairs. Finally it acknowledged unacceptable delays. The panel committed the landlord to completing repair work within the next four weeks, apologised for any inconvenience to Mr S and offered compensation of £250 for its service failure.

The Ombudsman concluded that while any offer of compensation was discretionary, the offer of £250 was not proportionate to the inconvenience to Mr S. The panel accepted that the problems had gone on for five years. While one section of the organisation was aware of Mr S's mobility problems, other departments were evidently not, and the landlord's systems could not cope with this important exchange of information. At various times contractors, sub-contractors, the maintenance department, the customer service department and a housing officer were all involved. Also at one point a note was made on the maintenance system that action was required urgently because of the Mr S's health, yet the failure to communicate and co-ordinate internal information and action delayed rather than hastened the repairs. Only when the STLO became involved did the situation improve.

The Ombudsman concluded that… the offer of £250 was not proportionate to the inconvenience to Mr S

Mr S asked to be reimbursed his rent from January 2007 to May

2007. Compensation at this level was not appropriate as he could not prove he had stayed away from his home for the whole of this time. However, Mr S was clearly unable to use his bedroom or kitchen in the winter months as his tenancy agreement entitled him to. We considered that a proportionate offer would therefore reflect half of four months' rent. We found maladministration and ordered a payment equivalent to that amount. We also ordered the landlord to review its systems for communicating internally and with its contractors, and its data-recording systems.

Relationship between landlord and tenant – disrepair – tenant behaviour

Mr B was an assured tenant who complained that his landlord did not complete work to his boiler in a reasonable time.

Our investigation was limited in scope because of a mediation agreement and previous court action over the disrepair.

When Mr B complained about the boiler he also complained about… his bathroom and kitchen…

When Mr B complained about the boiler he also complained about the partial refurbishment of his bathroom and kitchen and some electrical work. Between July 2006 and November 2007 these latter complaints were the subject of legal action. His complaint about the boiler was made against that background.

Contractors K Heating were originally booked to work on the boiler in May 2006 but the appointment was changed twice before the contractors failed to turn up at the end of June. The landlord immediately apologised and arranged for a call the next day.

Because of ongoing problems with boiler pressure the landlord agreed to further work and an appointment was booked in July 2006. Mr B, however, refused to allow K Heating access either then or in future. He later reported a problem with one of the radiators but continued to refuse access to K Heating and applied for an injunction to prevent the landlord using the firm.

Mr B appeared to have withdrawn the application at the hearing in August 2006 but the specific outcome is disputed. In any event the landlord's solicitors (J&P) told Mr B that K Heating would attend in September 2006 to carry out work and that further visits could be necessary. Because Mr B would not agree, the appointment was later cancelled. The annual safety inspection had taken place six months earlier and the landlord had no immediate health and safety concerns. Although Mr B's tenancy agreement obliged him to provide access, the landlord chose not to pursue its right to access to carry out the maintenance at that point.

In April 2007 Mr B's solicitor said they had appointed a consultant (Mr T) and agreed that the landlord's gas consultant should also attend an inspection that month. At this point the annual gas service of Mr B's property was due. The landlord wrote three times to Mr B requesting access for that purpose.

Further correspondence followed, with the parties disagreeing as to how many contractors were needed. However, they did apparently agree on what work was necessary.

In May 2007 the landlord's solicitors proposed that *'gas servicing be carried out in conjunction with the repairs as per Mr T's report'*. However, a month later they said Mr T's report had not been agreed and proposed carrying out the annual service in June. The disagreements continued and the landlord's solicitor noted that *'it is unfortunate that a misunderstanding appears to have occurred, but Mr T's report is not agreed'*. That response was understandable, but any miscommunication on the point was the responsibility of the landlord and its solicitor.

The landlord cancelled the appointment in June 2007 because Mr B would not allow access for more than one contractor. However, the landlord did not tell either Mr B or its gas contractor of the cancellation. The landlord's gas consultant arrived and entered the property on his own. The landlord's solicitors later apologised for communication problems, but such inconsistency by the landlord's agents did little to reassure Mr B.

Following work in late July 2007 Mr B confirmed that boiler pressure continued to drop and the landlord agreed to further investigations to identify the cause. It arranged for a specialist carpet fitter to lift the carpets to permit pipe work to be checked. After Mr B raised concerns the landlord agreed to replace two carpets damaged as a result of the work, rather than requiring him to claim against the contractor's insurance. The carpets were replaced and in September 2007 Mr B confirmed that the heating and hot water were now both excellent.

This situation took so long to resolve partly because it took time to diagnose the source of the problem and how best to resolve it. However, aside from some concern about communication – undoubtedly complicated by the ongoing legal action – there were no grounds for criticising the landlord's handling of this matter. In particular, it was willing to continue discussions with Mr B and to make concessions to ensure that work could finally go ahead. We found no maladministration.

Mr B asked the landlord to reimburse him for extra water costs

associated with recent work to the heating system and a faulty overflow. After considering his request the landlord refused to reimburse him. It did offer to reconsider the matter if he provided some evidence of the costs that he was claiming for. The landlord was entitled to request supporting evidence of the extra costs.

Communication

We saw evidence of Mr B swearing and using very abusive and aggressive language and behaviour towards the landlord and its contractors on many occasions.

However, only once did the landlord write to Mr B asking him not to refer to staff in derogatory terms and warning that his *'repeated swearing and generally aggressive language…breach…your tenancy condition'*.

We concluded that the landlord's approach was influenced by the ongoing legal action, its concerns about making the situation worse and its hopes of building on any positive responses and approaches. Mr B and his solicitor referred several times to the Disability Discrimination Act (DDA), the stress he was suffering and the impact on his mental health. The landlord requested further details of his diagnosis and how this affected his housing situation and support needs. It is unclear, however, whether the details were provided.

The landlord acknowledged that Mr B had a disability as defined by the DDA; and that accordingly it had certain responsibilities towards him. Equally, however, it had responsibilities towards staff and contractors and to ensuring that all its tenants were treated fairly.

The Ombudsman always considers the role and responsibilities of complainants as well as landlords

The Ombudsman always considers the role and responsibilities of complainants as well as landlords. In such cases we generally decide that a landlord is entitled to take action to manage the unacceptable behaviour of a tenant, provided they do so fairly and in accordance with their policies and procedures.

Parking arrangements

The landlord consulted residents before introducing parking restrictions at Mr M's estate. Enforcement action was due to start on 12 January 2008. The landlord wrote to all residents and leafleted homes and vehicles in advance about the changes.

Mr M applied for a permit and, four days later on 8 January 2008, the landlord contacted him to tell him his permit was ready. Although he went to collect it from the office the next day it had already been posted to his home. On 11 January Royal Mail left a note that he would need to collect the letter because insufficient postage had been paid. However, he was unable to do so until 13 January, by which time the parking contractor had clamped and towed his car, which cost Mr M £415 to retrieve.

When Mr M complained, the landlord apologised for failing to pay the correct postage and offered to reimburse the correct postage (£2); it also offered him £50 as a goodwill gesture. Nonetheless the complaint review panel concluded that the landlord *'did all that they could reasonably have done to ensure that all residents …received their parking permits prior to commencement of enforcement.'* It noted that the landlord had received the complainant's application only eight days before enforcement action was to start and that Mr M could have moved his car elsewhere until he had collected his permit.

The parking restrictions were introduced after consultation with residents and the landlord ensured they were fully aware of when enforcement would begin. Mr M's permit was produced promptly despite being requested so close to the deadline, and he was told it was available for collection. When he did not attend or contact the landlord on 8 January it was posted to him by recorded delivery. The landlord's error was to pay insufficient postage. Mr M knew before the enforcement started that he would not have the permit in time. Yet he did not move the car. Mr M argued that his landlord's error led to the £415 charge. We considered it significant that he took no steps to avoid the consequence of not having a permit. In the circumstances we found that the landlord had offered sufficient redress.

Behaviour of applicant for housing – discretion in operation of policies

In spring 2007 Ms R applied to the landlord for housing so that she could move closer to her grandmother. Her application was initially rejected because she owed £50 rent to her former landlord, X housing association (XHA).

The landlord's allocations policy required applicants from other landlords to have a clear rent account. The policy also listed excluded categories of applicants and any exceptions to each category. The introduction said, *'These are not blanket criteria. Each case must be considered according to individual circumstances and will not be applied as a blanket ban on a particular class of customer.'*

Each case must be considered according to individual circumstances…

The landlord rejected the application and told Ms R that if she cleared the debt it would reconsider her application.

Ms R then claimed to have paid XHA. There was a series of exchanges between her, the landlord and XHA but there was no confirmation that the money had been paid. In June 2007, the landlord phoned Ms R to check whether she had made the payment. Unknown to the landlord, her grandmother had died and it rang Ms R on the day of the funeral. Ms R rang the landlord back and spoke to several members of staff. The landlord's notes of the conversations recorded that she was shouting and abusive.

Three days later the landlord informed Ms R that her application was again rejected. The letter quoted one of the criteria for excluding applicants in its policy, *'applicants who have been proven to have been abusive or violent to staff…within the last five years'*. There were no exceptions to this rule and therefore no room for the landlord to exercise any discretion.

This approach reflected the landlord's workplace violence policy which committed it to protecting the health, safety and welfare of employees and adopted a 'zero tolerance' policy towards workplace abuse.

Ms R formally complained about the decision to exclude her and the matter progressed to a panel hearing.

…Ms R argued that the landlord should have balanced her distress on the day of her grandmother's funeral…

The landlord confirmed to the panel that Ms R's mental health issues were identified on her original application form. This was significant because, while denying that she had been abusive, Ms R argued that the landlord should have balanced her distress on the day of her grandmother's funeral and her mental health issues against its commitment to its zero tolerance policy, and then exercised its discretion.

However, under the policy the landlord had no discretion to exercise. While it could have accepted the application once the £50 was paid, the allocations policy did not allow for any exception when the applicant was abusive to staff. It properly refused her application when it was aware of her debt to XHA, and then tried to find out whether the debt had been repaid. Once it had, it could have used the discretion available to it to reconsider her application.

The Ombudsman did not try to decide whether Ms R had been abusive to staff. The landlord had a commendable commitment to staff safety and was entitled to rely on the statements of four members of staff following the phone call. However, although the

comprehensive allocations policy considered many circumstances where exceptions applied to exclusion, it did not allow any exceptions for abuse of staff. In effect this meant that, contrary to its opening statement, the landlord did apply a blanket approach on abuse of staff.

The policy was contradictory: it stopped the landlord considering all the circumstances of a case, thus limiting the discretion it said it would apply. The Ombudsman found maladministration and ordered the landlord to avoid the same problem in future. We recommended that it adjust its policies to allow greater use of discretion and that it reconsider Ms R's application bearing in mind the order and recommendation.

The Ombudsman found maladministration and ordered the landlord to avoid the same problem in future

Our order did not imply that Ms R, or any other abusive applicant, should be admitted to the waiting list. Its purpose was to ensure that any decision to exclude an applicant on the grounds that they had been abusive or violent to staff was fair in the context of the risk involved. Following review of the policy, any decision to admit Ms R was a matter for the landlord and not the Ombudsman. Our concern was that her application and all the information about her should be given proper consideration and that the landlord should not limit itself in how and what it considered.

Right to Acquire application

Mrs A was a secure tenant of a local council. In 2004 she became an assured tenant of the landlord, which was an organisation formed of a partnership between two housing associations.

In April 2005 Mrs A completed a Right to Acquire (RTA) application form. If her application succeeded, Mrs A would become the freeholder. The landlord would be responsible for any management issues after the sale. The sale itself was overseen by one of the housing associations (the association). Ms A complained about the landlord's handling of her RTA application and about how her complaint was dealt with.

At first the RTA application had progressed in line with the association's guidance. There was then a seven-month delay in sending Mrs A's solicitor the correct plans for her property. In the meantime Mrs A received a form setting out the terms of the property transfer. These included a term restricting Mrs A's sale of the property within three years. In January 2006 Mrs A queried the inclusion of a term providing for collection of a service charge and establishment of a sinking fund. She was a prospective freeholder and a sinking fund is more usually a condition of a lease.

Six weeks later the landlord explained why it was a condition of its leases. However, it did not acknowledge that Mrs A would be a freeholder rather than a leaseholder, or explain why it considered that the sinking fund would apply to her as a freeholder.

There was no further communication between Mrs A and the landlord or the association until January 2007 when Mrs A again queried the proposed provision for service charges and a sinking fund. She confirmed that *'my right to acquire the property stands, [but] there are several issues that need clarification'*. In reply the landlord explained the proposed terms were in a standard format and that *'as far as the landlord is concerned we have not charged services on the properties and I can't see any reason why we would in the foreseeable future charge a sinking fund.'*

In April 2007 the association issued Mrs A with a default notice warning her that she had 56 days to complete the purchase of the property. Although a landlord has a right to serve such a notice, it should not do so if it has been informed in writing that there are unresolved issues on a proposed sale. Mrs A had visited the association three days earlier to discuss her application, and she considered the 56-day notice inappropriate. The association explained it served the notice because she first offered to buy in May 2005 and it had had no contact with her solicitors after February 2006. There was no evidence that the association either explained why a sinking fund was relevant to Mrs A as a freeholder, or acknowledged that Mrs A still had concerns.

There was no evidence that the association… explained why a sinking fund was relevant…

Subsequent communication between Mrs A and the association showed that her new solicitors did not receive the appropriate paperwork before the proposed completion date and that Mrs A continued to challenge the landlord's and association's explanation of the sale terms. Early in June 2007 Mrs A made a formal complaint to the landlord and to the association about the handling of her application – in particular, the issues of the sinking fund, service charge and 56-day notice. In her complaint to the landlord Mrs A referred to what she regarded as 'conflicting advice' from staff about the sinking fund and what she believed to be incorrect information about the service charge. In support of her argument, Mrs A referred to the relevant legislation – including the Housing (Right to Acquire) Regulations 1997 – and to guidance from the then regulator, the Housing Corporation.

Both the landlord and the association replied, repeating previous explanations about the sinking fund and service charges. However, the association accepted that the delay in providing the correct plans was 'unacceptable' and apologised. It agreed to hold the original 2005 valuation on condition that Mrs A completed within two months. It re-issued the same proposed terms; however, in line with changes to the legislation the period of restriction on re-selling the property was extended to five years.

Mrs A was not satisfied, particularly with the amended limit on re-selling. The matter eventually progressed to a landlord's panel hearing in September 2007.

The panel confirmed that the landlord was entitled to include provision for a service charge and that as it was a matter of policy the panel could not change it. This was correct: policy decisions are a matter for a landlord's board and fall outside the remit of a complaint panel.

The panel also acknowledged that Mrs A was still reluctant to accept the landlord's right to impose service charges, and noted that as a freeholder Mrs A would not have recourse to the Leasehold Valuation Tribunal (LVT) if she wished to challenge the decision on service charges. This too was accurate. Although it is unusual for freeholders to have to pay a service charge, it is not illegal. To challenge this, Mrs A would have to apply to the County Court for a ruling. It was not a matter that the Ombudsman could determine. The panel's letter confirmed that the association would remove from the lease the term providing for a sinking fund, and offered Mrs A compensation of £1,100. The compensation included elements for service failures, delays, incorrect information and errors in complaint handling.

The Ombudsman found that the association had offered substantial redress to Mrs A to make up for its failings. The association acknowledged and apologised for its role in the delays and offered £850 for this and other service failures that affected the RTA application. This was increased to £900 by the panel. The offer was discretionary and accorded with its compensation policy. It was at the higher end of payments for delays and, when considered in the context of the application overall, it was an appropriate recognition of its responsibility. In addition, the association had removed the sinking fund provision from the proposed terms and the sale offer remained open to Mrs A at the price agreed in August 2005.

The relationship between the participating organisations was not as clear as it might have been and this affected the handling of her complaint. There were errors of information, and Mrs A was offered

The Ombudsman found that the association had offered substantial redress to Mrs A…

£200 compensation for the poor handling of her complaint. This too was proportionate and, taken with the other £900, the total of £1,100 compensation represented substantial redress.

Shared ownership – disrepair – poor record keeping

Mr S had shared ownership of his home since July 2002. He complained that his landlord had delayed treating a damp problem and various defects.

The purchase of any property is subject to the principle of 'let buyer beware'

The purchase of any property is subject to the principle of 'let the buyer beware'. This implies that a buyer must ensure that goods about to be bought are free from defects and that the buyer bears the risk. After completion the lease governs the parties' obligations regarding repairs. Although the landlord was legally obliged not to mislead Mr S, it was his responsibility to satisfy himself that the property was in the condition he wanted before purchase.

Mr S did not obtain a full structural survey before purchase. Although a full survey might not have identified all the problems complained of, by not obtaining one he lost the opportunity to find out about any of them.

As the property was part of a new conversion, any defects were the responsibility of the building contractor. The property was also insured under a National House-Building Council (NHBC) Buildmark policy, under which the building contractor was responsible for defects until June 2004.

During February 2003 Mr S reported various defects, including problems with the boiler, windows, flooring and bath. There was no evidence that the landlord acknowledged his letters.

The landlord and building contractor inspected the property in June 2004. The record of this inspection confirmed a list of defects outstanding, including the issues earlier raised by Mr S and, in addition, damp in both bedrooms.

The landlord could not confirm what it told Mr S about the outcome of this inspection. It was also unable to provide any evidence that work was done at this time, or that it had contacted the building contractor about the defects. As the building contractor was responsible for rectifying defects, the landlord should have pursued this matter with the contractor and kept clear records of everything it did.

The only evidence that the building contractor had done any repairs

came from Mr S. He reported that they were left incomplete or unsatisfactory.

Mr S placed his home up for sale because the landlord had not rectified the defects. During October 2006 the landlord's surveyor inspected the property as part of the pre-sales process. The surveyor noted signs of damp in two rooms. The landlord advised Mr S to install a dehumidifier and apply a porous emulsion to the walls. Although Mr S informed the landlord that he was not satisfied with its advice, it did not respond to him until he chased up the matter during March 2007.

The landlord inspected the property again in March 2007, concluding that it had rising damp. During May 2007 the landlord contacted the building contractor and asked it to do urgent remedial work.

At this time Mr S contacted the NHBC, who started an investigation into his claim. The building contractor also investigated, and later proposed constructing an independent wall lining to remedy the defect.

In November 2007 the building contractor confirmed that it was ready to proceed with the work. The initial start date was delayed at Mr S's request. When work was arranged to start in February 2008 there were further delays, although there is some dispute about whether Mr S refused access.

The windows were eventually repaired in May 2008 and work to rectify the damp problem was arranged for October 2008. However, at the time of our investigation Mr S claimed that various defects remained outstanding. Mr S had raised all the matters during the defects liability period and the landlord had confirmed them at its inspection in June 2004. The landlord should have ensured that the building contractor rectified these defects then.

We found that the landlord's delay in remedying the defects amounted to maladministration. During its internal complaints procedure the landlord offered Mr S compensation of £1,030, basing its calculations on a start date of June 2004. The landlord's award was inadequate redress for Mr S's distress and inconvenience. Correspondence between Mr S and the landlord about the defects dated from February 2003 and there was evidence that the issues had been raised earlier.

We ordered that the landlord pay compensation for the five and a half years from when Mr S moved into the property to when the building

contractor initially arranged to do remedial work. The landlord was ordered to complete specified outstanding remedial work and to pay Mr S a total of £3,100 in compensation.

Overpayment of rent based on valuation – complaints procedure

Ms D was a shared owner from 2003. She complained that because the property was overvalued in 2003, she had overpaid rent to her landlord since then.

In 2002 the landlord advertised 13 shared-ownership properties and in June 2003 Ms D finalised her purchase of a 25% equity share in her home. In February 2007 she raised concerns with the landlord about the initial valuation.

The landlord confirmed that the price of the property in 2003 was based on an initial valuation by its surveyor. The property was marketed at a price, in the landlord's words, *'which in contractual terms, amounted to "an invitation to treat"'*. It stated correctly that Ms D was *'not under any obligation to make an offer to purchase the property at the offer price and that it was for you to have the property independently valued before making any offer. It was open to you to walk away or make a lower offer.'* Also, *'in purchasing your share you relied upon your own independent valuation, commissioned by you through your mortgage lender. As you are now concerned that this valuation was too high, we suggest that you take this up with the surveyors who provided this.'*

In its final response to the complaint in September 2008, the landlord said it would not take the complaint to the panel stage of its complaints procedure because it concerned the actions of a body other than the landlord.

When selling a property the landlord was required… to set prices based on a full open-market valuation…

When selling a property the landlord was required by the guidance of the then regulator (the Housing Corporation) to set prices based on a full open-market valuation by an appropriately qualified and independent valuer. It could vary from that valuation if it met certain additional requirements. There was no evidence that the landlord had acted contrary to the requirements of the Housing Corporation, and thus no grounds for the Ombudsman to investigate further. The landlord should decide if it has any concerns about the valuations obtained and, if it does, what action to take.

A potential purchaser does not have to buy a property at the advertised price; they can make a lower offer or decide that the property is too expensive and look elsewhere. Indeed, where there is a mortgage lender, the lender too must be satisfied that the purchase

price is appropriate before agreeing the loan. Ms D's mortgage lender clearly was satisfied and she chose to proceed with the purchase at the advertised price.

The Ombudsman concluded that Ms D had not been adversely affected by the landlord's acts or omissions. Any acts or omissions at issue were those of either the surveyor or Ms D.

Since we had no ground to pursue the complaint about the initial valuation we also had no ground for considering the complaint about rent payments based on that price.

We reviewed the landlord's decision not to take the complaint to the final stage of its internal complaints procedure and found it reasonable in the circumstances, as the complaint essentially concerned a service by an independent valuer. We noted that the

We reviewed the landlord's decision not to take the complaint to the final stage of its internal complaints procedure and found it reasonable in the circumstances…

landlord followed up with a detailed response from its solicitors. Thus it went beyond what might reasonably have been expected of it when dealing with matters outside its remit.

Ms W... complained about how the Co-op handled the allocation of the property

Co-op's application of allocations and complaints policies

Ms W applied to move within her Co-op when a vacancy arose at another property. She complained about how the Co-op handled the allocation of the property.

Although the Co-op sub-contracted most of its housing management functions to the Co-operative Development Society (CDS), it retained control of its allocations. It dealt with these under its allocations policy and procedure, with its management committee confirming the final decisions.

When the vacancy occurred in May 2008 Ms W and three other residents expressed their interest. In line with the policy the Co-op applied its points system to assess the applications and an allocations panel met to consider them.

There were four internal applicants, of whom three including Ms W had outstanding arrears – usually a reason for excluding an application. Only the fourth applicant, Mr Z, qualified for the property on the basis that his rent account was in credit. However, at the request of one panel member the panel agreed to consider all the applications.

Mr Z and Ms W received far more points than the other applicants; and the reasons for the points, including attendance at meetings, health etc, were recorded in the report to the management committee. Although Ms W alleged that the report to the management committee had been falsified, the evidence did not support this. The panel decided that Mr Z should be awarded 46 points and Ms W 34. The report showed that the pointing had been debated but that the criteria for awarding points were unclear, particularly with regard to an applicant's waiting time. It was also evident that a member of the panel was advocating the cause of one particular applicant; this was not appropriate in a panel whose purpose was to objectively consider and assess all applications. Mr Z was allocated the property on the grounds that he was the only applicant in credit and that his application attracted more points.

Ms W appealed the decision and the management committee then awarded the property to her. Although the policy said that the committee's decision was final, for reasons that remained unclear the management committee then *'...agreed to have our managing agents*

CDS carry out the allocation (of the property) on behalf of the management committee'.

CDS convened its own panel and reallocated to Mr Z, stating that although both applicants had similar needs the determining factor was *'the contribution made by each to the running of the Co-op'*. Although Ms W challenged this, stating that she had made a significant contribution, there was no evidence to support her argument that she had regularly attended a Co-op sub-committee. The property was allocated to Mr Z.

The Ombudsman used his discretionary power to investigate this complaint even though it was not considered by the Co-op under its complaints policy. The Co-op confirmed that it decided *'…not to register a formal complaint from Ms W…'* because the management committee was involved throughout the process of allocating the property.

The management committee should not have refused to accept Ms W's complaint. It is a complainant's right to make a complaint and it is not the role of an organisation to accept or refuse a complaint but to review and consider it.

The Ombudsman concluded that there was no maladministration as the eventual allocation was made in accordance with policy. However, there were several areas of concern regarding the Co-op's allocations and complaints policy and we made recommendations regarding both.

It is a complainant's right to make a complaint and it is not the role of an organisation to accept or refuse a complaint but to review and consider it

Antisocial behaviour

Mr H was a leaseholder who complained that his landlord delayed in installing a new fence to the neighbouring property and failed to respond to reports of antisocial behaviour by his neighbour. He said the neighbour was intimidating and abusive, and did not control her aggressive dog.

In March 2007 Mr H reported that the fence in his rear garden needed repairing. He was also concerned that the fencing did not adequately restrain his neighbour's dog. The landlord agreed to carry out the repairs but, despite Mr H's reminders, did nothing further and in June 2007 Mr H made a formal complaint.

After an inspection the landlord agreed to replace the fence 'like for

like' with wire mesh fencing. However, Mr H and the neighbour requested 6ft panel fencing instead. The landlord refused the request on grounds of cost. Despite Mr H chasing the landlord it took no action throughout the summer.

The landlord eventually agreed to install panel fencing in September 2007 despite having no obligation to upgrade the fence as requested by Mr H. In installing panel fencing instead of wire mesh it acted over and above its obligations. However, six months elapsed between Mr H requesting the repair and the work being done. During its complaint panel hearing the landlord acknowledged the delay in dealing with the matter and offered compensation for the inconvenience. The Ombudsman considered that its offer of £100 was sufficient redress, given the landlord's eventual installation of fencing to a higher specification than required.

Mr H reported that the neighbour was abusive towards his wife…

Mr H hoped that his difficulties with the neighbour would be resolved by the installation of the new fence. However, when the work was done Mr H reported that the neighbour was abusive towards his wife in front of the contractor. Mr H's complaints against his neighbour began to increase.

The landlord's anti-social behaviour procedure said that if neighbours could not resolve a dispute themselves, both victim and perpetrator should be visited and interviewed. There was no evidence that Mr and Mrs H were interviewed although the landlord's officers did visit the neighbour on the day that the allegations were raised. The neighbour admitted using abusive language towards Mrs H and the landlord verbally warned the neighbour about her behaviour. Mr H reported further incidents with the neighbour's dog in October 2007. He was told that his complaints about the neighbour would be referred to the panel hearing convened to consider the complaint about the fence. The landlord should have responded to the allegations of nuisance in accordance with its antisocial behaviour procedure rather than referring the matter to the panel, whose role was to review the landlord's previous actions.

In December 2007 Mr H reported further incidents of abusive behaviour by the neighbour. The landlord responded by offering mediation, which Mr H declined. While the antisocial behaviour procedure stated that mediation should be offered, it also said the landlord must investigate allegations of antisocial behaviour. In addition to interviewing the parties, such enquiries could include

issuing diary sheets to the complainant, interviewing witnesses, and liaising with other agencies such as the police or the council's Environmental Health department.

Other than contacting the police to discuss the case in February 2008, there was no evidence that the landlord explored any of these options before the panel hearing. This was despite Mr H continuing to report further incidents and providing details of potential witnesses. The landlord could provide no evidence that it had approached the witnesses or taken steps to investigate Mr H's complaints.

In failing to investigate Mr H's allegations sufficiently, the landlord lost the opportunity to gather evidence. Had it done so, it might have been able to take further action against the neighbour or explain why it was not taking action.

The appeal panel concluded that the landlord failed to deal promptly with Mr H's reports about the neighbour's behaviour. To resolve the matter it asked the landlord's antisocial behaviour team to carry out a thorough review of Mr H's case.

The appeal panel concluded that the landlord failed to deal promptly with Mr H's reports of the neighbour's behaviour

After the appeal hearing the landlord took comprehensive action in response to Mr H's complaints. The antisocial behaviour team leader met Mr and Mrs H in February 2008, completed an interview and action plan and issued diary sheets. The team were in regular contact with Mr H and shortly afterwards interviewed the neighbour, later issuing a written warning about her behaviour.

The landlord carried out thorough enquiries of neighbours, potential witnesses, the police and local council. They took legal advice and eventually concluded that there was insufficient evidence on which to base further action against the neighbour.

The Ombudsman noted that Mr H did not always co-operate with the landlord's suggestions on how it might investigate and resolve his complaints. For example, he declined an offer by Environmental Health to install noise-monitoring equipment in his home. He also refused mediation, which the neighbour had agreed to.

In July 2008 the landlord told Mr H the case was closed as there was insufficient evidence to take legal action against the neighbour. As the landlord had carried out a thorough investigation of Mr H's complaints after the appeal hearing and found insufficient evidence

to support the allegations, the Ombudsman considered it reasonable for the landlord to close the case. Any new allegations of antisocial behaviour should, however, be investigated in accordance with the antisocial behaviour procedure.

As far as possible a remedy should put the complainant in the position they would have been in but for the landlord's failings. In some circumstances this can only be achieved by awarding financial compensation. However, Mr H was not offered any compensation for the landlord's failings. Although the Ombudsman regarded the panel's findings as reasonable, he did not consider that they offered Mr H sufficient redress.

After the appeal hearing the landlord followed the panel's recommendations and took comprehensive action in response to Mr H's complaints

We found maladministration because before the appeal hearing the landlord failed to deal with Mr H's complaints against his neighbour in accordance with its anti-social behaviour procedure. In particular it failed to adequately investigate Mr H's allegations. After the appeal hearing the landlord followed the panel's recommendations and took comprehensive action in response to Mr H's complaints. The Ombudsman ordered the landlord to pay compensation for inconvenience and distress.

Compliance with rent arrears policy

Ms E was an assured tenant who complained about her landlord's handling of rent arrears; particularly its issuing a Notice of Seeking Possession (NSP).

The landlord had a comprehensive 15-step arrears policy. Issue of an NSP was step 4. Ms E received housing benefit but this did not cover a charge for heating, and arrears built up because she had not paid this charge in full.

The landlord's records showed that Ms E paid the heating charge inconsistently but arrears were low. However, in July 2007 the landlord started its arrears procedure and sent Ms E a first-stage arrears letter. This was in accordance with its procedure, where an initial arrears letter is normally sent when arrears reach a defined level.

The landlord contacted Ms E in August 2007 and she said she would pay the arrears within two weeks. However, in mid-September 2007 her arrears had not reduced and the landlord sent Ms E a second-stage arrears letter requiring immediate payment. She was told that if she was unable to make a payment she should contact the landlord within seven days; failure to do so would result in her being served with an NSP.

Ms E neither contacted her landlord nor cleared her arrears by the end of September 2007, when the landlord telephoned her to discuss payment arrangements. Ms E told the landlord that she hoped to clear her account in November. However, the landlord appropriately explained that it could not agree to continuing non-payment of rent and informed her that it would issue her with an NSP.

Stage 3 of the landlord's arrears procedure required it to make a home visit before serving an NSP. According to the policy, the purpose of the home visit was to obtain income and expenditure details and try to make an agreement to clear the arrears. The procedure stated that *'A Notice of Seeking Possession must not be served until personal contact has been established or the officer can demonstrate that they have exhausted all possible means of doing so.'*

A Notice of Seeking Possession must not be served until personal contact has been established…

The landlord did not visit Ms E but telephoned her and tried to arrange a repayment schedule. It also told her what could happen if she failed to clear her arrears. Good practice guidance is that a landlord should make immediate contact when a tenant falls into arrears but this can be either face to face or in writing.

Ms E was served with an NSP.

The Ombudsman found there was no maladministration. While the landlord should have visited Ms E at stage 3 we were satisfied that in addition to two warning letters the landlord had offered the opportunity to arrange payment in accordance with good practice. It was Ms E's responsibility to pay all parts of her rent due under the tenancy agreement, and the landlord's to secure its rental income, so when she failed to pay her arrears the landlord was entitled to issue an NSP.

Application for joint tenancy

Mrs A was a tenant of the landlord from July 2002. She complained that her landlord did not follow its policy when it refused to grant a joint tenancy to her and her husband.

In August 2004 Mrs A's husband, Mr A, was granted discretionary leave to remain in the UK; the Home Office told him *'you are free to take a job…use the National Health Service and the social services and other services provided by local authorities as you need them'*.

In January 2008 Mrs A applied to make her husband a joint

tenant. The landlord refused that application and Mrs A complained. In response the landlord referred to its applications and lettings policy, which stated *'…applicants who are not EU citizens must provide passports and Home Office documentation, including confirmation of indefinite leave to remain in the UK'*. The landlord said: *'until your husband can provide documentation confirming that he has permanent leave to remain in the United Kingdom, we are unable to grant your request to include him on the tenancy. This is in line with the Association's policy.'*

There is no legal right to a joint tenancy; it is for individual landlords to decide how they wish to deal with such requests

There is no legal right to a joint tenancy; it is for individual landlords to decide how they wish to deal with such requests. To that extent there were no grounds for the Ombudsman to criticise the landlord's decision. Yet its approach raised significant concerns.

The landlord did not appear to have considered its applications and lettings policy as a whole. Specifically, the policy included a paragraph relevant to Mr A's circumstance which said, *'Any persons who are subject to immigration control within the meaning of the Immigration and Asylum Act 1999 cannot be allocated housing accommodation by the association unless they are of a class prescribed by regulations made by the Secretary of State…'*. This exception applied because Mr A was a person subject to immigration control but with recourse to public funds. 'Public funds' covers welfare benefits, but also includes housing under Part VI or VII of the Housing Act 1996 and under Part II of the Housing Act 1985. In terms of his immigration status Mr A was therefore eligible for a housing allocation from a council or housing association and could apply for assistance under homelessness rules, as noted in the landlord's policy. It was therefore unclear why he was

considered ineligible to become a joint tenant of a property in which he was already living and where, in 2007 at least, rent payments were being taken from an account in his name.

The Ombudsman found maladministration. The landlord had failed to consider all the relevant parts of its applications and lettings policy. It was ordered to reconsider the application for a joint tenancy.

The Ombudsman found maladministration. The landlord had failed to consider all relevant parts of its applications and lettings policy

Antisocial behaviour – sheltered accommodation

Mrs P was an assured tenant in a sheltered housing scheme. She complained that her landlord did not take sufficient action in response to an incident involving her and another resident, Mr C. She reported the altercation, which took place in June 2007, to the landlord in July. Mrs P was treated at hospital in connection with the incident and contacted the police.

In response to that complaint the landlord took several actions, all of which were in line with its antisocial behaviour policy. The landlord provided evidence that it:

- visited Mrs P promptly and kept her well informed of what it was doing about the incident and how it was handling the complaint
- took statements from Mrs P and Mr C, who said he had suffered some minor injury during the incident
- arranged mediation with both parties' agreement
- liaised with the police on what action they or the Crown Prosecution Service (CPS) might take
- sought background information from the scheme manager and Victim Support
- acknowledged Mrs P's concerns about the seriousness of the incident and its effect on her health
- processed a transfer application and later offered a move to a larger home.

The CPS decided not to proceed. Two weeks later the landlord informed Mrs P that in light of *'inconclusive evidence and the lack of any independent witnesses'* it could take no further action on the incident.

While investigating her complaint the landlord had to warn Mrs P about her own conduct, which included leaving an abusive note in the laundry and making offensive comments about staff in correspondence. The landlord acted fairly in warning Mrs P that her conduct was in possible breach of her tenancy agreement.

We found no maladministration. The landlord responded promptly and proportionately to the initial incident, and it decided not to take action against Mr C because of the lack of supporting evidence.

…there was no evidence that the landlord failed to take the incident seriously…

Equally there was no evidence that the landlord failed to take the incident seriously; its decision to take no further action reflected that of the CPS.

Mediation was the only option available under its policy in the circumstances and the landlord arranged it promptly once Mrs P had agreed. The mediation stopped when the landlord moved Mrs P. The transfer to larger accommodation was also considered a positive outcome.

Procedures on voids (empty properties) and repairs

Ms M was the assured tenant of a small landlord from August 2006. She complained about the condition of the property when it was first let to her, and the standard of ongoing repairs and customer service.

When Ms M viewed the property the previous tenant's furniture was still in place. Before moving in Ms M wrote asking the landlord to remove the previous occupant's belongings; carry out repairs to the doors, stairs and handrail, walls and skirting boards; check the electrics; replace the kitchen and some bathroom fittings; and replace the garden fence.

Removal of the previous occupant's goods

Although the landlord agreed in July 2006 to remove the previous tenant's furniture it did not do so before signing the tenancy. In August 2006 Ms M wrote confirming that she had moved the previous occupant's belongings into the garden and shed. She asked the landlord to remove all these items so that she and her family could move in.

The landlord replied that Ms M should ask the previous tenant to collect the goods, and gave her the tenant's contact details.

The landlord also asked contractors to remove rubbish from the garden and shed. We had no evidence of when or how these goods were removed.

There was no record of a voids inspection, although the chief executive visited the property with Ms M before she accepted the tenancy. The landlord's voids procedure stated *'All rubbish, disused furniture and household effects are to be cleared and taken away.'* The landlord clearly did not comply with that standard.

Repairs

Ms M asked for a missing panel in the front door to be replaced as it let in rain. At first the landlord refused to replace the panel but then

raised a works order later in August 2006 to supply and fit a new panel. The work was not done and in December 2006 the landlord again refused to replace the panel, classing it as an improvement rather than a repair. It was not clear why the item was included on the earlier repair order. The work was still not done.

… the landlord again refused to replace the panel, classing it as an improvement…

Later in the landlord's complaints procedure it conceded that the front-door panel should be replaced in line with its obligation to carry out repairs under s. 11 Landlord & Tenant Act (LTA)1985. However, by May 2007 the glass panel had still not been replaced.

Ms M reported problems with her kitchen before she moved into the property, but the landlord said it would not replace the kitchen as it had already been replaced within the last five years.

In November 2006 Ms M reported an unsafe gas connection to her cooker; holes in the walls; loose wires; missing doors; and rotting and broken units. The landlord responded that any improvements would have to wait until it had carried out a comprehensive survey and planned maintenance programme. Ms M replaced the kitchen units herself, before the complaints panel considered the matter. The panel accepted the chief executive's advice that the units had been in an adequate condition.

Lack of a voids inspection meant that there was no record of the condition of the kitchen. Ms M had removed the units so the panel's decision relied on the chief executive's opinion. The landlord appeared to have no obligation to replace the kitchen under s.11 LTA 1985. Although the landlord was entitled to decide it would not replace the kitchen, the lack of records meant it had no evidence to support whether this decision was reasonable.

At Ms M's request the landlord repaired the broken stairs and installed a handrail. In doing so they removed wood cladding from the downstairs walls. When Ms M asked the landlord to remove the remaining, damaged wood cladding, they refused, claiming that restorative work was her responsibility. There was no evidence that the landlord ever dealt with this item of disrepair. The landlord held that the contractor had damaged the cladding. If it had, the landlord was obliged to make good the damage. In any event, even if Ms M had removed the cladding, the landlord was obliged under the voids procedure to make good the damage.

Ms M reported that when she moved into the property there were no light fittings in the bedrooms, just wires hanging from the ceiling. She arranged and paid for this to be remedied. She was concerned about the safety of the electrical fittings and asked the landlord to test

them. Although repair orders were raised in September and December 2006 there was no evidence that the work was done.

In December 2006 the landlord wrote confirming that Ms M had agreed all electrical work had been done. She disputed this and the appeal panel recommended that the landlord carry out electrical repairs and an electrical check.

The Ombudsman found severe maladministration. The landlord had failed to comply with its voids procedure and started Ms M's tenancy agreement before it had removed the previous tenant's belongings. It made things worse by asking Ms M to contact the previous tenant to arrange removal.

In dealing with requests for repairs the landlord failed to keep Ms M informed and did not comply with its repairing obligations. The landlord failed to keep adequate records on the condition of the property, gas and electric safety inspections and the completion of work orders.

At around the time of our determination the landlord ceased to operate and its properties were transferred to another landlord. We did not therefore make orders or recommendations in relation to our findings. Our report was sent to the new landlord to take up the outstanding repair issues.

Mrs U lived in a sheltered housing scheme. She complained about the landlord's decision to withdraw the live-in warden service

Decision to withdraw resident wardens – policy decision

Mrs U lived in a sheltered housing scheme. She complained about the landlord's decision to withdraw the live-in warden service.

In March 2008 the landlord responded to Mrs U, explaining that it was planning to make the improvements promised following a service review. These included reintroducing a warden service between specified hours; providing detailed information about Supporting People; and re-establishing a senior forum as a means of communication.

Residents were informed and consulted on the changes by road shows and information bulletins. The landlord had also held discussions with former resident wardens and had taken national trends and funding priorities into account. It carefully considered Mrs U's complaints by:

- meeting, informing and consulting residents and their families about changes introduced after 2006
- apologising for failing to deliver agreed services and adjusting the service charge accordingly
- reintroducing a partial warden service.

The review panel did not uphold Mrs U's complaint, explaining that *'the policy decision was made taking into account national trends, consultation with customers and the requirements of the funding provided by Lancashire County Council'*. In addition, the model tenancy agreement applicable to *'homes for older people'* refers to *Supporting People* and warden services but does not commit the landlord to specific arrangements such as providing live-in wardens. There were no contractual changes and there was no evidence the landlord acted improperly in implementing this policy change.

Under the terms of our Scheme we will not consider complaints, which, in our opinion *'seek to question or overturn policies which have been properly decided by the member landlord in accordance with appropriate good practice at that time following relevant procedures'*. There was no evidence that the landlord's policy decision was taken improperly so we did not consider the matter further.

There was no evidence that the landlord's policy decision was taken improperly so we did not consider the matter further

Consultation on resident's forum – complaints handling

Mr B was a leaseholder and member of his local leaseholder's forum. He complained about the level of consultation when the landlord suspended the forum. He also complained about the landlord's refusal to hold a panel hearing to review his complaint.

Following a review of resident involvement across the organisation the landlord's board approved several proposals intended to improve residents' involvement, including one to suspend the forum. This decision was within the board's powers. The forum had been set up, facilitated and supported by the landlord. Separate arrangements to continue statutory consultation, for example on service charges, were to continue.

The terms of reference of the leaseholder forum detailed its aims but did not say anything about how it might be suspended or ended, nor whether this would require consultation.

Although Mr B complained about the lack of consultation before the

board decided to suspend the forum, the landlord maintained that the decision lay with the board as part of its governance responsibility to approve policy matters, in this case its resident involvement policy.

The Ombudsman found no maladministration. The forum was a means of informing and consulting leaseholders. Mr B's complaint was therefore about a lack of consultation on consultation. While a landlord has a statutory obligation to consult leaseholders about changes to service charges, this obligation does not apply to starting or ending leaseholder forums. Nor was such consultation a term of the lease between the parties.

Complaint handling

Mr B believed the decision to suspend the forum was 'unconstitutional' and formally complained in August 2006. In September 2006 his complaint was addressed at stages 1 and 2 of the landlord's procedure. Mr B then requested a panel hearing.

The landlord formally replied by letter in March 2007. The managing director addressed all seven of Mr B's outstanding complaints. He declined Mr B's request for a panel and stated that *'I do not believe that you have a valid cause for complaint…'*

The landlord's complaint policy said that when a request for a panel hearing is received, the chief executive should consider whether to seek resolution

The landlord's complaint policy said that when a request for a panel hearing is received, the chief executive should consider whether to intervene to seek resolution. If not, the landlord must arrange a panel; there is no reference to any discretion it may have on whether to convene a panel. Other complaints by Mr B were reviewed at a panel in August 2007.

This was significant because, although the landlord said it would not refer Mr B's complaint about the suspension of the forum to a panel, the notes of the August panel showed that this was raised and discussed at the panel as part of another complaint. The chief executive confirmed the landlord's final decision in December 2007. He confirmed that the original decision to suspend the forum was for the board to make and that Mr B therefore had 'no valid cause for complaint'.

We found maladministration: although the landlord was correct that the decision to suspend the forum was a board decision, it did not make it clear that a board decision was in effect a policy decision. The role of a panel is to assess whether the landlord has complied with its policies, not to contradict or challenge a policy properly agreed by the board. Because of this the landlord believed that the complaint could not go to a panel. The choice of words to explain this, that Mr B had 'no valid cause for complaint', was misleading and incorrect.

Only Mr B could decide if he had cause to complain and it was his right to ask for a panel. As the landlord had no discretion to refuse him a panel hearing a more reasonable and pragmatic decision would have been to agree to hear Mr B's complaint at a panel alongside another complaint of his, as in fact happened in August 2007.

We recommended that the landlord review its complaints procedure with regard to the level of discretion it can exercise at all stages of the procedure and that meanwhile it should ensure that all complainants were informed of, and could exercise, their rights under the procedure.

We recommended that the landlord review its complaints procedure with regard to the level of discretion it can exercise…

Home Loss payments – complaints handling

Ms W was a secure tenant. She complained about her landlord's decision that she was not eligible for a Home Loss payment, and about its complaints handling.

Ms W made an earlier complaint to the Ombudsman in 2007 about the landlord's attempts to modernise her home. On that occasion we found maladministration, as the landlord had not followed its procedures for decants, allocation and consultation. Neither had it dealt properly with her complaints.

In that case we made several orders, including that the landlord pay Ms W £300 compensation and carry out a risk assessment on modernisation work at her home. We also arranged mediation between the parties, and as a result the landlord agreed to seek legal advice about Home Loss payments and a proposed decant.

For a complaint to come within the Ombudsman's jurisdiction, *'the person complaining…must have been adversely affected…'*. At the time Ms W made her complaint, she and the landlord were discussing a hypothetical situation, i.e. whether she would receive a Home Loss payment if she moved. So there could be no adverse effect from something that had not and might never have occurred. As a result, we had no jurisdiction to consider the complaint about the eligibility for Home Loss. However, as Ms W had since moved, we exercised discretion and considered the current situation as part of our investigation of the landlord's complaint handling.

When the landlord started a modernisation programme in 2002 Ms W had been on the transfer list for four years. In June 2007 the landlord agreed that she could move out during the work on medical grounds. Initially this was planned as a permanent transfer to a two-bedroom flat in the same property. This move would warrant making a disturbance payment to Ms W and she accepted this proposal in

…the landlord offered her a temporary decant to one-bedroom accommodation followed by a return to her original property

September 2007. However, the landlord later offered her a temporary decant to one-bedroom accommodation followed by a return to her original property. Ms W declined the second offer because she did not wish to move twice, first for the work and then once her transfer came through.

The complaint panel of July 2008 concluded that the central issue was why Ms W was moving: whether the permanent move was a result of the work or of her transfer request. It concluded that it was the latter. Based on legal advice, the panel decided that under the Land Compensation Act 1973 Ms W was not entitled to a Home Loss payment and the landlord had no power to make a discretionary payment.

We found no maladministration. The complaint was solely concerned with Ms W's eligibility for a Home Loss payment and Ms W's situation did not meet the relevant criteria; it would have been inappropriate for the landlord to make a payment under the scheme.

It took the landlord five months to arrange the panel hearing for Ms W's complaint, and it was unclear what contact the parties had between her request of February 2008 and the hearing in July 2008. We were particularly concerned about this issue in light of our previous finding of maladministration on the landlord's handling of Ms W's complaints. In response to our enquiries the landlord provided evidence such as emails and phone records, and this showed there had been communication and also explained the reason for the delay.

Damp in the property – information to complaints panel

Mr L moved into his property in March 2003. He complained about his landlord's response to reports of damp. Although he maintained that he reported damp from the start of his assured tenancy the first documented report was in May 2005; in response the landlord fitted a ventilation system to deal with condensation.

There was no evidence of further reports or action until January 2006 when the landlord ordered the whole flat to be treated for mould. However, in February 2006 at Mr L's request the council inspected the flat and wrote to inform the landlord that there was evidence of mould and damp in the living room. There was no evidence of the landlord responding by letter or action; although it carried out some work to the flat in May 2006 it did not investigate the issue of damp at the time.

…the council inspected the flat and wrote to inform the landlord that there was evidence of mould and damp…

At Mr L's request the landlord inspected the property again in February 2008. Because of the landlord's poor record-keeping the outcome of this inspection was unclear; according to Mr L, the landlord wanted a second opinion. After some delay a full inspection of the flat was arranged. The landlord kept no record of that inspection either. Meanwhile it had told Mr L that the problem was condensation and not damp. In April 2008, again at Mr L's request, the council inspected the flat and informed the landlord in its third letter on the subject that there was *'…undeniable evidence of dampness and mould growth within the flat and these conditions may contribute to ill health of the occupants…'* also that there was a possibility of rising or penetrating damp, or both. On the basis of this information the

landlord recommended that Mr L's family should be offered an *'urgent management move due to the condition and living conditions/effect on the family's health…'*.

In April 2008 an independent contractor inspected the property on behalf of the landlord. The subsequent detailed report found damp throughout and recommended a new chemical damp-proof course. This demonstrated that the situation had deteriorated since the council inspection. However, the landlord carried out no work until after Mr L had moved out of the property in June 2008, when extensive work was needed.

Mr L complained to the landlord in April 2008, by which time the landlord had received the independent contractor's report. Despite this the landlord told Mr L that it had tried to remedy the problem but that it was *'…very difficult to apportion blame in these circumstances…'* Mr L's complaint progressed to a panel hearing attended by two senior members of staff. One attributed the problem at the flat to Mr L's lifestyle, and the summary of the independent report provided by the other member of staff suggested that it had found condensation to be the problem. This was, at best, a misrepresentation of the report. It was unclear whether the panel was aware of the council's inspections and conclusions. The panel decided it could not reach a conclusion. Although it had access to the independent report it did not acknowledge this, nor did it acknowledge that Mr L was moving as an urgent management transfer because of the state of the property. Yet it decided, for reasons that remained unclear, to award Mr L a goodwill payment of £250.

The Ombudsman found maladministration. The landlord had been aware of damp in the property…

The Ombudsman found maladministration. The landlord had been aware of damp in the property since February 2006; this had been confirmed at subsequent inspections; and Mr L had been offered an urgent management move as a result.

Despite this the landlord informed the panel that the issue was condensation, did not acknowledge the findings of external inspections, and did not consider Mr L's request for compensation for damage to his belongings. The panel's role was not to apportion blame or to establish whether the property was damp but to review the landlord's handling of Mr L's reports of damp. It had failed to reach a decision on this but had, with no apparent basis, offered a goodwill payment. We took into account Mr L's transfer and ordered the landlord to pay £530 compensation.

Casework statistics and key facts

The data and figures that follow are based on casework from 1 April 2008 to 31 March 2009.

1 The number of cases we accepted for investigation was 3,870, a 21% increase on the previous year. In addition, we dealt with 2,884 enquiries which either presented issues which were outside the Ombudsman's jurisdiction or were matters we referred to be considered by other agencies.

2 The charts below show the year-on-year number of complaints received and, in percentage terms, the way new cases were submitted, their main topics, the tenure of the complainants, their geographical location, and their outcome. We also reproduce information about our key three performance targets.

3 The main facts, comparing the data with the previous year, include the following:

- There has been a big increase in the number of complaints made to us by telephone, which adds to the increase reported last year. This may be explained by our renewed emphasis on customer care and simplification of our procedures to make the Service more accessible, as well as by the improvements we achieved in our telephony system.
- Disrepair continues to be the main area of complaint, with 29% of the total.
- There has been a big jump in the number of complaints about estate services (20% compared with 4% last year).
- The volumes for other subjects have varied within narrow margins compared with the previous years.

Figure 1 **New complaints by type**

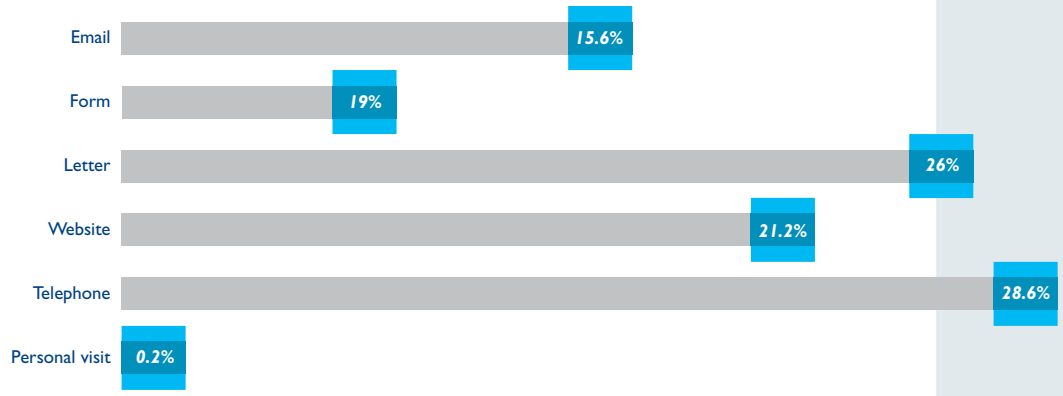
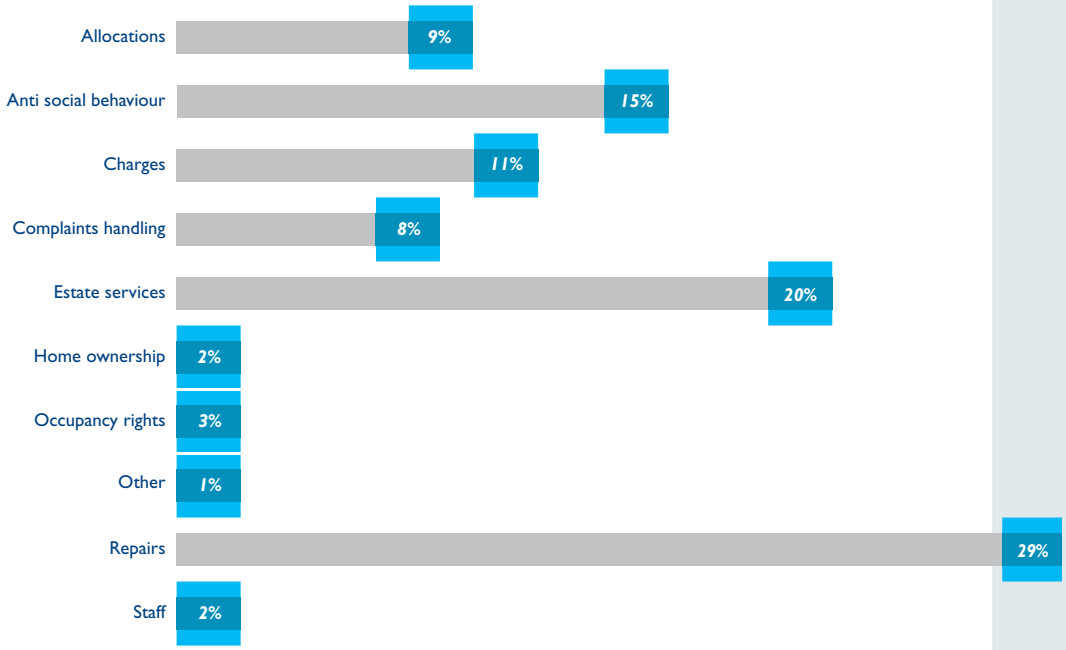
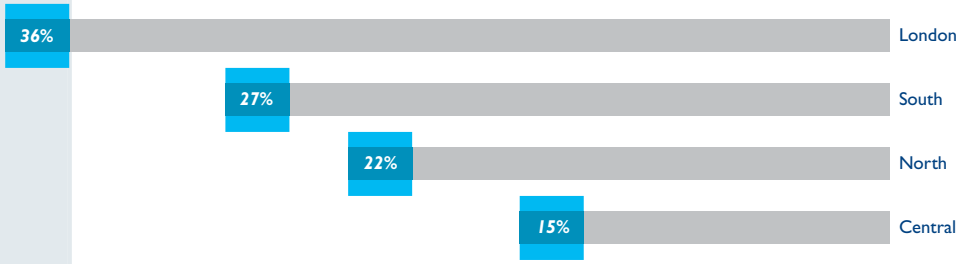


Figure 2 **New complaints by main problem**



New complaints by geographical origin *Figure 3*



Outcome of the complaints following investigation *Figure 4*

Figure 5 **Target one:** percentage of new cases given substantive evaluation response within three weeks. *Target: 100%*

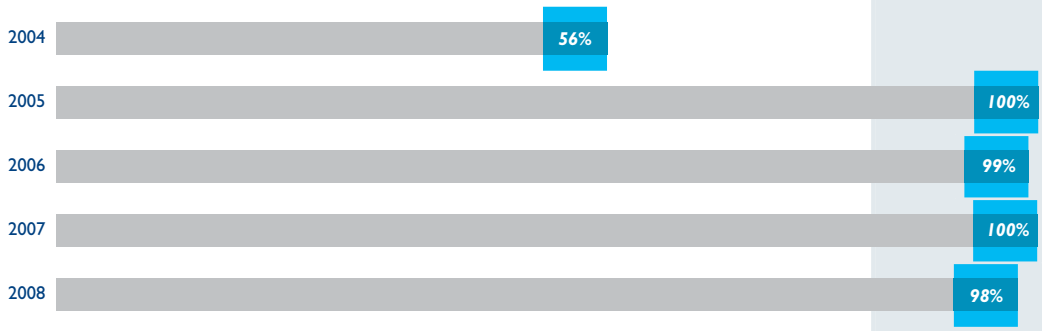
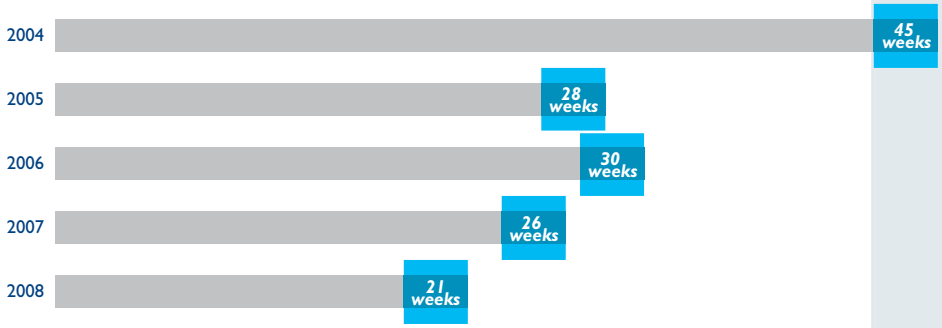


Figure 6 **Target two:** percentage of all cases progressing from jurisdictional acceptance to final determination letter within 52 weeks. *Target: 100%*

Figure 7 **Target three:** average time taken by all cases to progress from jurisdictional acceptance to final determination letter. *Target: 32 weeks*



A word from the Chair of IHO Ltd

…we are pleased that there have been efficiencies in activity costs in the year to 2009

The Board is very pleased with the continuing improvement in performance. Demand for the Service has increased significantly, but casework and other business targets for the year have been met or exceeded. The Board carefully monitors casework activity and we are pleased that there have been efficiencies in activity costs in the year to 2009, with a further reduction planned for 2010.

We are satisfied that the Service is providing good value to its users, stakeholders and the public in general, and thank the Ombudsman and his staff for their work, but we are united with the Ombudsman in determination to continue to improve.

At the Company's AGM, the retiring auditors said they were totally satisfied with its accounts and congratulated the Board and the Executive for consistently keeping to accounting good practice and achieving notable year-on-year improvements in financial controls. The Government prefers the National Audit Office to audit the accounts of non-departmental public bodies. Accordingly, the National Audit Office has been appointed to audit the Company's accounts with effect from April 2009.

Shena Latto and Ian Allen retired from the Board. The remaining members of the Board and I should like to thank them for their dedication and commitment as non-executive directors of IHO Limited. I am very pleased to welcome Michael Johnston and Peter Robinson as new members of the Board.

Paul Acres Chair

Administration and financial report

31 March 2009

INDEPENDENT
HOUSING
OMBUDSMAN
LIMITED

A company limited by guarantee not having a share capital.
Registered Office: 81 Aldwych, London WC2B 4HN
Company Number: 3290221

Directors and advisers

Independent Directors

Paul Acres *(Chairman)*
Maxine Frerk
Susan Thomas

Tenant Directors

Ian Allen *(appointed 24/7/2008, resigned 8/2/2009)*
Michael Johnson *(appointed 9/2/2009)*
Katie Roodner
Terry Stacy

Landlord Directors

Brian Cronin
Shena Latto *(retired 4/12/2008)*
Margaret May
Peter Robinson *(appointed 9/2/2009)*

Registered Auditor

Chantrey Vellacott DFK LLP
Chartered Accountants
Russell Square House
10-12 Russell Square
London
WC1B 5LF

The directors present their report together with audited financial statements for the year ended 31 March 2009. The company was incorporated on 5 December 1996 and began operating an Independent Housing Ombudsman service on 1 April 1997.

Principal activity

The company administers the Independent Housing Ombudsman Scheme. The purpose of the Scheme is to investigate complaints against certain landlords by their tenants and others and to award compensation or other remedy when appropriate.

The company operates in accordance with a Scheme approved by the Secretary of State (currently Communities and Local Government (CLG)) under the terms of the Housing Act 1996. The Scheme applies to social landlords registered, regulated or operating in England, as well as to other landlords who join voluntarily.

The Independent Housing Ombudsman Ltd (IHOL) has been designated as an executive Non Departmental Public Body (NDPB) and Dr Biles was appointed by the CLG's Principal Accounting Officer as IHOL's Accounting Officer with effect from 10 April 2008. We have an ongoing working relationship with the CLG on setting the appropriate levels of additional reporting and new governance structures which are consistent with the obligations of the company to be accountable to the CLG, in compliance with company law and protecting the independence of the Ombudsman and the company, whilst recognising that the company does not require or receive any grant-in-aid. The company continues to receive all of its funding from registered social landlords through compulsory subscriptions and from private sector landlords who join the Scheme on a voluntary basis.

Directors

Details of directors are set out on pages 76-78.

Operational and financial review

At 31 March 2009, 2,152 landlords (2,222 in 2008) were in membership, representing 2,583,597 (2,485,157 in 2008) housing units, an increase of 3.96%. 2,071 were registered social landlords (RSLs), representing 2,530,980, housing units. A further 81 were private landlords, representing 52,617 housing units, who had joined voluntarily. It is anticipated that the number of RSL units in membership will continue to increase. In addition the company is actively encouraging membership of the Scheme to landlords in the private rented sector who are not under a statutory obligation to join.

As scheduled a new dispute resolution process became operational on 1 April 2008. The new process formed part of a business process re-engineering exercise that took place in the previous year. New casework management system software (HOSCA) became operational on 1 July 2008 in support of the new process. As a result of the new process we are able to report in more detail on the work we have undertaken.

During the year the service responded to 2,884 enquiries, investigated 3,870

complaints and issued 398 final determination decisions following formal intervention. In the year 98% of cases were evaluated within our target of twenty one days and 99% of final determination decisions were issued within our 52 week target. The average time taken to issue a final determination decision was 21 weeks.

The surplus for the year after taxation and adoption of FRS17 (Accounting for Retirement Benefits) was £361,943 (2008: surplus £219,579). This result was after incorporating the Company's pension scheme deficit into the accounts. There were also actuarial losses in the year of £1,420,000 reflected in the Statement of Total Recognised Gains and Losses. After including the net pension deficit, the accumulated liabilities carried forward total £257,982 (2008; reserves £800,027). Although IHOL does have an accumulated liability at year end the directors do not consider this to effect its going concern status. The technical accounting adjustments required by FRS17 relating to its pension fund liabilities, that do not fall due in the short term, have the effect of distorting the financial position at year end. Changes in pension fund liabilities are liable to fluctuation year on year, dependent on economic circumstances and investment performance.

The Board sets the level of subscriptions by reference to its budgeted cash requirements, including a prudent provision for contingencies. This may include the need to meet higher pension contribution rates in the future. At 31 March 2009 the net current assets of the company amounted to £1,202,627 (2008: Assets of £884,241). This takes account of cash and debtors less amounts falling due for payment within one year.

In the financial year the company created a dedicated reserve in regard to its pension fund liabilities and transferred £120,000 from its general fund pending a review of the pension deficit funding strategy. In the event that the sponsor department (CLG) introduced legislation which effectively caused IHOL to be wound up, or if the Scheme's approval were to be withdrawn and another body approved under the Housing Act 1996, the sponsor department shall put in place arrangements to ensure the orderly winding up of IHOL. In particular, it should ensure that the assets and liabilities of IHOL are formally transferred to any successor organisation and accounted for in accordance with Managing Public Money requirements. In the event there is no successor organisation, the assets and liabilities should be transferred to the sponsor department. The triennial actuarial valuation was undertaken as at 31 March 2007 and the next formal review is due as at March 2010.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year, and of the surplus or deficit for that period. In preparing those financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepared the financial statements on a going concern basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each director of the company at the date that this report was approved has taken all steps that they ought to have taken as Directors in order to:

- make themselves aware of any relevant audit information (as defined by the Companies Act 1985); and
- ensure that the auditors are aware of all relevant audit information (as defined).

As far as each Director is aware, there is no relevant audit information of which the company's auditor is unaware.

The maintenance and integrity of the company's website is the responsibility of the directors.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislations in other jurisdictions. defined).

Auditor

The Companies Act 2006 enables the Comptroller and Auditor General, via the National Audit Office (NAO) to undertake the audit of Limited Companies. As from financial year 2009/10 the NAO will become responsible for the company's annual audit.

Signed on behalf of the Board

W Jarvie
Secretary
Approved by the Board on 14 July 2009

Independent directors

Paul Acres *(Chair)* *Appointed 04/04/05*
Retired Chief Constable

Paul Acres was Chief Constable of Hertfordshire from 2000-2004 and previously Deputy Chief Constable of Merseyside. During more than 36 years' police service he became widely experienced in the development of community relations and professional standards and complaints systems. He served on several committees, developing national policing policies in these areas. He has been involved in a wide range of public/private sector partnerships. He now holds a number of public appointments.

Maxine Frerk *Appointed 05/12/07*
Director, Governance, Consumer and Social Affairs, Ofgem

Maxine Frerk is Director of Governance and Consumer and Social Affairs at Ofgem. In that role she is responsible for setting the criteria for and approving a statutory ombudsman scheme in energy and more broadly for the complaint handling standards to be adopted by the industry. She is also responsible for Ofgem's relationships with a range of government departments and for governance issues. Prior to joining Ofgem she was Head of Regulation at BT where, among other things, she was BT's representative on the industry group which established the original ombudsman scheme in telecoms.

Susan Thomas *Appointed 05/12/06*
Management Consultant

Susan Thomas' consultancy specialises in leadership and organisational development. She has held executive Board positions in all 3 tiers of government, and was for 6 years Director General, Corporate Services and Development, at the Department for Education and Skills. She served on several national and local government bodies and committees, including Government Skills (Sector Skills Council), and the Department of Health Committee of Inquiry into recruitment in residential care, and is currently on the Organisational Development Faculty of the Chartered Institute of Personnel Development. Susan chairs the IHOL HR Committee.

Tenant directors

Ian Allen

Appointed 24/07/08
Resigned 08/02/09

Gloucestershire Housing Association

Ian has been a resident of Gloucestershire Housing Association (GHA) for nine years. He is a former chair of its resident's forum and founded the 'Core Group' of residents, an initiative designed to establish a strong resident network increasing feedback to the organisation. He has been a board member at GHA for five years sitting on its governance and operations committees and currently chairs Gloucestershire Housing Society, its charitable arm. Recently he has served on the steering group which has overseen the organisations move into the Guinness Partnership.

Michael Johnson JP

Appointed 09/02/09

Two Castles Housing Association

Michael is a tenant of Two Castles Housing Association located in the North of England. He is also chairman of Derwent and Solway Housing Association based in Workington and a director of Harvest Housing Ltd in Manchester, where he serves on the Audit Committee. He is employed as a clerk and Executive officer by Lakes Parish Council, serving the communities of Ambleside, Grasmere, Rydal, Troutbeck and the Langdales, all situated in the beautiful English Lake District. Michael served his country for sixteen years in the Royal Navy and on leaving the service he spent the next eighteen years in the Post Office in various management roles. Appointed in 1980, Michael is a serving magistrate, an approved Bench Chairman for the Criminal Court and Deputy Chairman of the Family Proceedings Court.

Katie Roodner

Appointed 05/12/03

Paddington Churches Housing Association

Until 2000, when her first child was born, Katie was the Director of Tottering Bipeds, a theatre company that toured in Britain and abroad and which undertook community projects. From 1992 Katie was active in New Court Residents' Association. She helped prepare a joint bid with West Hampstead Housing Association (WHHA) which secured Housing Corporation funding and English Heritage consent to refurbish New Court's 19th century buildings. In 2002, following the collapse of WHHA and the scheme, as Chair of the Residents Association Katie led a campaign which safeguarded her community by achieving a revised refurbishment project under Paddington Churches Housing Association. In 2006 Katie joined the Metropolitan Police Service.

Terry Stacy JP

Appointed 05/12/07

Circle 33 Housing Trust

Terry is a tenant of Circle 33 Housing Trust in London; he has been a Councillor for over ten years, first in Tower Hamlets in East London and now in Islington in North London. In May 2009 he became Leader of the Council. Until recently Terry was Chair of Old Ford Housing Association, which is part of the Circle Anglia Group which he retired from to take up a new post as Chair of Island Homes, part of the One Housing Group. He is a member of the London Housing Board which is a part of the Homes and Communities Agency and a Tenant Inspection Adviser to the Audit Commission. Terry was a freelance Consultant with a London based Regeneration Consultancy, before becoming a Councillor, where he headed up over £25 million worth of Regeneration funds across a number of Boroughs in the Capital.

Landlord directors

Brian Cronin

Appointed 22/09/05

Group Chief Executive, Arena Housing Association

Brian Cronin is Group Chief Executive of Arena HA and has worked for Residential Social Landlords (RSL) in Merseyside, Manchester and Leeds at senior level for over 20 years. A qualified accountant by profession he has developed an interest in procurement across the sector. He was the founding Chair of Fusion21 procurement and is now chair of 'Procurement for Housing', the Housing Associations national procurement agency. In addition he sits on the Boards of the Steve Biko Housing Association and Liverpool Mutual Homes Housing Association.

Shena Latto

Appointed 05/12/02

Chair, South Shropshire Housing Association

Retired 04/12/08

Shena Latto has a background in social care policy and research, combined with senior operational and strategic management experience in Social Services. Shena is Chair of Shropshire Housing Ltd and is on the Board of the National Housing Federation. She has chaired and been a member of an NHS Trust, several Rowntree Foundation Advisory Groups, the Social Services Research Group and the Association of Directors of Social Services Research Committee. She has worked extensively on the interfaces between social services, health and housing and is currently an independent consultant in housing and social care.

Margaret May

Appointed 22/09/05

Chair, Certification Committee, Quality Housing Services

Margaret is an accountant, who moved into general management and then consultancy and training, covering both the private and public sectors. She is the author of a number of publications, including FT Executive Briefings. She now focuses on non-executive activity, holding posts with two other public sector bodies, the Standards Board for England and the Government Decontamination Service, sitting on their Audit Committees. She is a member of the Chartered Institute of Management Accountants Council, her professional body, and sits on its Executive and is chair of Marketing. Margaret chairs the Certification Committee of the Housing Services Landlords organisation, Quality Housing Services and is a shareholder of HomeZone Housing. She chairs IHOL's Audit Committee.

Peter Robinson

Appointed 09/02/09

Vice Chair, West Kent Housing Association

Peter is Vice Chair of West Kent Housing Association and Independent Chair of the Value for Money Panel at Swan Housing Group. After a long career in local government, including responsibility for the housing service in the London Borough of Greenwich, he set up a housing consultancy, PRHC, in 1990, advising over fifty housing sector clients at strategic and business planning levels as well as on operational and service delivery matters. He holds the professional qualification of the Chartered Institute of Housing (CIH) and has previously been a statutory appointee to the Board of the Amicus Horizon Housing Group as well as holding various Board positions and chairing subsidiaries of the L & Q Housing Group.

The Independent Housing Ombudsman Limited (IHOL) fully supports the report of the Financial Reporting Council Committee on Corporate Governance and that Committee's Revised Combined Code of Best Practice. It welcomes the Committee's guidance on internal control and the going concern basis for preparing annual accounts.

The guidance is regarded as mandatory for listed companies registered in the UK. Whilst IHOL does not fall within the regulations of the London Stock Exchange, being a company limited by guarantee and as such is not obliged or able to follow it completely; the Board is committed to the highest standards of corporate governance and therefore to implementing it as far as is applicable.

Going concern

The Board confirms that, after making appropriate enquiries, it is of the opinion that IHOL has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing these accounts.

General

The Board comprises nine members, all of whom are non-executive. The directors are appointed from three groups drawn from member landlords, tenants and independents. This provides a balance whereby the Board's decision making cannot be dominated by an individual or group. Selection to the Board is based on merit by the choice of individuals who through their abilities, experience and qualities match the needs of the Company. Each appointment panel is supported by an independent assessor. Directors are appointed for an initial term of no more than three years and may be appointed for a second time, again for no more than three years. Each director's performance is appraised annually and taken into account when they are being considered for re-appointment to the Board. Board remuneration is reviewed periodically by independent external consultants.

The role of the Ombudsman is separated from the role of the Board and he is not a member of the Board. The Board is responsible for taking decisions on the ongoing strategic direction of IHOL, approving major developments and the terms of reference and delegated powers of its committees. The responsibility for the day-to-day operations of IHOL is delegated to the Ombudsman. The Board meets four times a year and has three standing committees (Audit, Human Resources (HR) and Resources). All standing committees are formally constituted with terms of reference and include three Board directors. The standing committees meet and report to the Board regularly.

Employee involvement and development

IHOL recognises that effective employee involvement and development leads to increased engagement of employees in meeting the objectives and the successful delivery of continual performance improvement. Several approaches are utilised that are compatible with our size, structure and culture.

Internal controls

The Board acknowledges its responsibility for the systems of internal control within IHOL and for ensuring these systems maintain the integrity of accounting records and safeguard its assets. The purpose of these systems is to facilitate the successful achievement of IHOL's aims and objectives and to provide reasonable assurance as to the reliability of financial information and to maintain proper control over income, expenditure, assets and liabilities of IHOL. No system of control can, however, provide absolute assurance against material misstatement or loss. The Board's review of the effectiveness of IHOL's systems of internal control is an ongoing process; where controls are not in place the Board agrees and reviews a timetable for implementation.

The system of internal control is based upon:

- An ongoing process designed to identify and prioritise the principal risks to the achievement of IHOL's aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically;
- A set of governance arrangements, designed to:
  - ensure accountability of staff and managers through internal structures and networks of delegated powers; and
  - encourage staff and managers to act in an appropriate manner without requiring continual detailed intervention;
- A system of operational, procedural and financial controls based around a framework of planning, recording, monitoring, reporting and review.

Financial reporting

There is a comprehensive business planning system with a five year business plan, strategy document and forecast budgets for a five year period which are reviewed and recommended to the Board by the Resources Committee. Monthly actual income and expenditure are reported against budget and revised forecasts for the year are prepared. These are reviewed monthly by the Ombudsman and his Operational Management Team and quarterly by the Board at its meetings.

Risk management

IHOL's Board, the Ombudsman and his Operational Management Team examine on a continual basis the major strategic, business and operational risk which IHOL faces and have established a system that ensures that risks are reviewed and reported regularly, and that appropriate action is in place to mitigate the significant risks. In addition, all risks are reviewed annually as an integral part of the business planning.

The risk register includes significant new risks identified in the year. The most significant were in regard to bank failure and loss of funds, damage to reputation from data loss and in being the Ombudsman of choice in the Housing sector.

The Board sets internal policy on risk and internal control to ensure that:

- A system of risk management is maintained to inform decisions on financial and operational planning and to assist in achieving objectives and targets;
- IHOL maintains a risk register in accordance with the Treasury's Orange Book;

- There is appropriate Board involvement in the risk management system with the Operational Management Team reviewing the whole risk register and the full Board reviewing those risks considered to be of higher impact and/or probability;
- An effective system of programme, project and contract management is maintained;
- An effective Business Continuity Management system is in place;
- The ICT Strategy, approved by the Board, is aligned to overall business strategy;
- A Fraud Management Policy is in place and adequate internal management and financial controls are maintained by IHOL, including effective measures against fraud and theft;
- All funds available to IHOL are used for the purpose intended , and that such monies, together with IHOL assets, equipment and staff, are used economically, efficiently and effectively;
- IHOL reviews its system of internal delegated authorities which are notified to all staff, together with a system for regularly reviewing compliance with these delegations; and
- Effective human resources policies and employee relations are maintained.

Controls and procedures

The Independent Housing Ombudsman Scheme sets out authorities delegated from the Board to the Ombudsman. IHOL Board has established a strong control framework within which the company operates including an organisation structure with clearly defined lines of responsibility, delegation of authority and reporting requirement and maintains a comprehensive set of financial regulations and all material breaches are reported to the Board. The financial controls and procedures are reviewed regularly and compliance with them verified by the work of the auditors.

Processes applied in maintaining and reviewing the effectiveness of the system of internal control during 2008-09 includes:

- Regular meetings of the Operational Management Team to consider risk, internal control and the organisation's risk profile;
- The use of comprehensive planning, forecasting and budgeting systems which enable the monthly management report, annual budgets and latest projections to be reviewed by the Board and executive management team;
- The establishment and practical application of a counter-fraud policy and fraud response plan;
- Adequate procedures to control both logical and physical information systems are in place;
- Consideration of the external audit and its findings and management letter;
- Rolling forecasts of expenditure for the current and future financial years so as to determine future subscription rates and affordability.

Monitoring of controls

The Board regularly reviews IHOL's accounting and financial reporting practices, its internal financial controls, the work of the auditors and compliance with all relevant legislation and takes appropriate action to deal with areas of improvement which come to its attention.

Accounting Officer's Statement of Internal Control

Scope of responsibility

The Company administers the Independent Housing Ombudsman Scheme. The company operates in accordance with the Scheme which is approved by the Secretary of State (currently Communities and Local Government CLG)) under the terms of the Housing Act 1996.

The Independent Housing Ombudsman Limited (IHOL) has been designated as an executive Non Departmental Public Body and I was appointed by the CLG's Principal Accounting Officer as IHOL's Accounting Officer with effect from 10th April 2008. We have an ongoing working relationship with CLG on setting the appropriate levels of additional reporting which are consistent with the obligations of the company in being accountable to CLG, in compliance with company law and protecting the independence of the Ombudsman whilst recognising that the company does not receive any grant-in-aid. The company continues to receive all of its funding from members of the Scheme.

As Accounting Officer of IHOL, I have responsibility for maintaining a sound system of internal control that supports the achievements of agreed policies, aims and objectives as set by the Principal Accounting Officer for the Department for Communities and Local Government (CLG), whilst safeguarding the funds and organisational assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government accounting, the accounting officer designation letter and in the draft Framework Document.

The purpose of the system of internal control

The purpose of the system of internal control is to facilitate the successful achievement of IHOL aims and objectives and is based upon the areas detailed in the Corporate Governance Statement. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. This is informed by the work of staff, the operational management team and our external auditors.

Capacity to handle risk

As detailed in the Corporate Governance Statement we update our risk register on a regular basis and it is reviewed by the operational management team and the Board. As Accounting Officer I discharge my responsibilities in relation to risk management by:

- Providing leadership and direction over the risk management process;
- Regularly reviewing the risk register;
- Reviewing the effectiveness of the system of internal control.

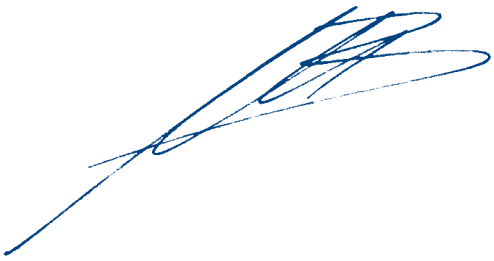
Review of effectiveness

The Board and its Audit Committee also advise me on the implications of the result of my review of plans to address weaknesses and to ensure continuous improvement of systems. The Audit committee meet twice a year. Its membership is made up of three non Executive Directors, one from each of the three groups, Independent, landlord and tenant. The aims or the committee are to provide an objective view on the effectiveness of internal controls and to ensure there are effective processes to identify and manage risk.

Significant internal control issues

In my opinion no serious internal control issues have arisen in the financial year since the financial statements for the year ended 31st March 2008 were issued.

Signed



Dr M Biles

Accounting Officer

Remuneration Report

for the year ended 31 March 2009

The Independent Housing Ombudsman Ltd (IHOL) does not have a remuneration committee. Remuneration is linked to the annual staff cost of living award and is reviewed independently as appropriate. There are no performance conditions related to remuneration. Directors who are members of staff have an annual appraisal and any progression is based on merit.

Non executive directors are appointed for an initial term of no more then three years and then appointment is renewable for another period of the same length, the maximum service being two terms. No notice period is required. All senior managers are permanent employees with three month notice periods. The Ombudsman's notice period is also three months. No significant awards were made to any director. No element of remuneration is non cash. Information in regard to salary and fees paid to each director is detailed in tabular form on page 85. Quarterly invoices totalling £3,714 were received from Arena Housing Association for services rendered by a non Executive Director (Brian Cronin) throughout the financial year. Please refer to note 2b in the table on page 85.

With regard to pension benefits, these are also detailed in the table on page 85. There were no contributions to a money purchase scheme. No compensation was paid to any former director.

Board members attendance

Board meetings:

Non Executive Directors	Maximum possible	Actual attendance	Days in attendance at meetings[1]
Paul Acres (Chair)	4	4	18
Ian Allen	3	3	5
Brian Cronin	4	2	11
Maxine Frerk	4	3	8
Michael Johnson	-	-	2
Shena Latto	3	2	6
Margaret May	4	3	11
Peter Robinson	-	-	1
Katie Roodner	4	4	13
Terry Stacy	4	4	11
Susan Thomas	4	4	12

[1]Days in attendance at meetings includes Board meetings, Committee meetings, Awaydays and Board recruitment panels.

Remuneration

	Notes	Salaries and Fees			Pension benefits				
		Salary and fees	Allowances	Totals	Accrued benefits during year	Accrued benefits at end of year	Transfer value of accrued benefits at start of year	Transfer value of accrued benefits at end of year	Difference between the two transfer values, less any employee contributions
					In bands of £2,500	In bands of £2,500	In bands of £1,000	In bands of £1,000	In bands of £1,000
	1	£	£	£					
Non Executive Directors									
Paul Acres (Chair)		12,332	-	12,332	-	-	-	-	-
Ian Allen	2a	2,604	-	2,604	-	-	-	-	-
Brian Cronin	2b	-	-	-	-	-	-	-	-
Maxine Frerk		3,784	-	3,784	-	-	-	-	-
Michael Johnson	2d	541	-	541	-	-	-	-	-
Sheena Latto	2c	2,838	-	2,838	-	-	-	-	-
Margaret May		3,784	-	3,784	-	-	-	-	-
Peter Robinson	2d	541	-	541	-	-	-	-	-
Katie Roodner		3,784	-	3,784	-	-	-	-	-
Terry Stacy		3,784	-	3,784	-	-	-	-	-
Susan Thomas		3,784	-	3,784	-	-	-	-	-
Senior Managers	4a								
Dr Mike Biles *(Ombudsman)*		126,399	-	126,399	(0-2,500)	250,000-252,500	1,161,000-1,161,999	1,187,000-1,187,999	17,000-17,999
Wilma Jarvie *(Director of Corporate Services)*		74,148	-	74,148	0-2,500	52,250-52,500	223,000-223,999	242,000-242,999	13,000-13,999
Helen Megarry *(Director of Casework)*	3	-	-	-	-	-			
Rafael Runco *(Deputy Ombudsman)*		74,148	-	74,148	0-2,500	72,500-75,000	367,000-367,999	388,000-388,999	15,000-15,999

Notes

1 The columns in regard to Bonuses, Compensation and Non cash benefits have been deleted, as they are not applicable

2a Resigned 8th February 2009

2b Fees payable in regard to Directors entitlements were paid to the employer on submission of an invoice

2c Retired 4th December 2008

2d Appointed 9th February 2009

3 Withheld consent for disclosure of information

4a Increases in accrued Pension Benefits and Transfer Values differ to those provided for in the previous financial year due to the Government Actuaries Department changing the Cash Equivalent Transfer Value factors which has had an impact on the Accrued Benefit calculations.

Independent Auditors' Report to the members of Independent Housing Ombudsman Limited

We have audited the financial statements of the Independent Housing Ombudsman Limited for the year ended 31 March 2009 which comprise the Income and Expenditure Account, Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction issued by the Secretary of State for Communities and Local Government on 30 March 2007 (the Accounts Direction).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements and the part of the Remuneration Report to be audited give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and the Accounts Direction.

We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report, the Corporate Governance Report, Accounting Officer's Statement of Internal Control and the Remuneration Report and consider the implications for our report if we become aware of any apparent misstatements within them.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are

appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its result for the year then ended; and
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and the Accounts Direction; and
- the information given in the directors' report is consistent with the financial statements.

Chantrey Vellacott DFK LLP

Chantrey Vellacott DFK LLP
Chartered Accountants
Registered Auditors

London

Income and Expenditure account

for the year ended 31 March 2009

	Notes	2009 £	Restated 2008 £
Income			
Subscriptions	1b	**3,233,623**	2,979,930
Other operating income	2a	**8,250**	3,526
		3,241,873	2,983,456
Administrative expenses		**(2,959,394)**	(2,852,891)
Operating surplus for the year	4	**282,479**	130,565
Interest receivable	2b	**108,562**	113,774
Surplus for the year before taxation		**391,041**	244,339
Taxation	6	**(29,098)**	(24,760)
Surplus for the year before cost of capital	10	**361,943**	219,579
Notional cost of capital	1f	**(9,486)**	(14,883)
Surplus for the year after cost of capital		**352,457**	204,696
Add back: cost of capital	1f	**9,486**	14,883
Surplus for the year		**361,943**	219,579

Statement of Total Gains and Losses

Surplus for the year	**361,943**	219,579
Actuarial (loss)/gain on defined benefit pension scheme assets	**(1,421,000)**	530,000
Total (losses)/gains relating to the year	**(1,058,057)**	749,579

All operations are classified as continuing.

There is no difference between the surplus before taxation and the retained surplus for the year stated above and their historical cost equivalents.

The notes on pages 90 to 98 form part of these financial statements.

Balance sheet

for the year ended 31 March 2009

	Notes	2009 £	Restated 2008 £
Fixed assets			
Tangible assets	7	**390,391**	375,786
Current assets			
Debtors	8	**2,279,888**	2,157,097
Cash at bank and in hand		**2,792,236**	2,226,512
		5,072,124	4,383,609
Creditors: amount falling due within one year	9	**(3,870,497)**	3,499,368
Net current assets		**1,202,627**	884,241
Total assets less current liabilities		**1,592,018**	1,260,027
Net pension deficit	11	**(1,850,000)**	(460,000)
Net assets less pension liabilities		**(257,982)**	800,027
Financed by:			
General Fund reserve	10a	**(377,982)**	800,027
Pension Fund reserve	10b	**120,000**	-
Accumulated reserves	10	**(257,982)**	800,027

The financial statements were approved by the Board of Directors and authorised for issue on its behalf by:

P Acres
Chairman

The notes on pages 90 to 98 form part of these financial statements.

1 Accounting policies

a) Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with the Companies Act 1985, applicable UK accounting standards (United Kingdom Generally Accepted Accounting Practice) and the additional disclosure requirements set out in schedules 1 and 2 of the Accounts Direction issued by the Department for Communities and Local Government. The accounting policies are set out below and have been consistently applied.

As shown in note 13, the only subsidiary of the company is dormant, therefore these financial statements present information about the company as an individual undertaking and not about its group.

Going concern

Although IHOL does have an accumulated liability at year end the directors do not consider this to effect its going concern status. This is due to the technical accounting adjustments required by FRS17 relating to its pension fund liabilities, that do not fall due in the short term, have the effect of distorting the financial position at year end. Changes in pension fund liabilities are liable to fluctuation year on year, dependent on economic circumstances and investment performance.. In the event that the sponsor department (CLG) introduced legislation which effectively caused IHOL to be wound up, or if the Scheme's approval were to be withdrawn and another body approved under the Housing Act 1996, the sponsor department shall put in place arrangements to ensure the orderly winding up of IHOL. In particular, it should ensure that the assets and liabilities of IHOL are formally transferred to any successor organisation and accounted for in accordance with Managing Public Money requirements. In the event there is no successor organisation, the assets and liabilities should be transferred to the sponsor department. Therefore the directors are of an opinion the accounts should be prepared on a going concern basis.

b) Subscriptions

Subscriptions are the annual subscriptions payable by landlord members of the Ombudsman Scheme for the year ended 31 March 2009. Subscriptions are calculated by reference to the number of units owned or managed by member landlords, excluding those units managed on behalf of a local authority. Any subscriptions received in advance are treated as deferred income and are included in creditors.

c) Depreciation

Depreciation is provided on all tangible fixed assets on a monthly basis at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life as follows:

Leasehold improvements	**Period of Lease**
Computer and office equipment	4 years
Fixtures and fittings	5 years

d) Pension costs

The Company participates in a multi-employer defined benefits scheme. Prior to 2008 the Company was unable to identify its share of the underlying assets of the pension scheme, as it participates in the scheme with other organisations. The Company remains exposed to risk by being jointly liable for the liabilities of other bodies admitted to the pension scheme. The Company is exposed to actuarial risks associated with their current and former employees' membership of the Fund. The actuary has been able to perform a notional allocation of the Company's share of the Fund and therefore has performed an actuarial valuation at 31 March 2009 using FRS17 principles.

The Company has fully adopted Financial Reporting Standard 17 – Retirement Benefits for the year ended 31 March 2009. The effect of this accounting policy is to recognise the pension scheme deficit in the balance sheet. Current service costs, past service costs, gains and losses on settlements and curtailments, interest and the expected return on pension scheme assets are charged to the income and expenditure account. Actuarial gains and losses are charged to the statement of total recognised gains and losses.

As detailed in note 11, pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis and discounted at a rate equivalent to the current rate of return of a high quality corporate bond of equivalent currency and term of the scheme liabilities. The defined benefit pension scheme asset or liability is presented separately after other net assets on the face of the balance sheet.

e) Operating lease

Rental payable under operating leases are charged in the Income and Expenditure account on a straight-line basis over the lease term. Any rent free period is amortized evenly over the period to which it relates.

f) Notional cost of capital

Under the Accounts Direction issued by the Department for Communities and Local Government the income and expenditure account shall include a notional cost of capital, at 3.5% of the average net assets less, pension liabilities during the year. This amount is reversed after the line showing the surplus or deficit for the year

2a Other operating income

	2009	Restated 2008
	£	£
Sundry income	**8,250**	3,526

2b Interest receiveable/(payable)

	£	£
Bank and other interest receivable	**138,562**	123,774
Expected return on pension scheme assets	**230,000**	210,000
Interest on pension scheme liabilities	**(260,000)**	(220,000)
	108,562	113,774

3a Staff costs	2009 £	Restated 2008 £
Wage and salaries	**1,590,865**	1,525,708
Social security costs	**148,451**	136,500
Pension service cost	**165,371**	265,539
	1,904,687	1,927,747

The average number of employees (excluding directors) but including part-time employees and secondees during the year was 38 (2008: 38), engaged in the following duties:

	No	No
Ombudsman	**1**	1
Caseworkers	**24**	24
Support staff	**11**	9
Temporary staff	**2**	4
	38	38

3b Directors' remuneration	2009 £	2008 £
Remuneration	**41,490**	39,433

The average number of directors during the year was 8 (2008: 9)

4 Operating surplus	2009 £	2008 £
This is stated after charging:		
Auditors remuneration:		
audit services	**14,390**	10,869
non audit services	**6,759**	6,815
Depreciation of tangible assets	**90,505**	77,356
Operating lease rentals – property	**201,958**	198,353

5 Statement of losses and special payment during the year

In the opinion of the directors there were no losses or special payments that require disclosure in the financial statements.

6 Taxation

	2009	2008
	£	£
UK corporation tax at 21% (2008: 20%) on bank and debtor interest receivable	**29,098**	24,760
Adjustment in respect of prior year	**-**	-
	29,098	24,760

The company, with certain provisos, is only subject to tax on its incidental investment income.

The tax assessed for the period is lower than the standard rate of corporation tax in the United Kingdom 21% (2008: 20%). Any differences are explained below:

Interest received before corporation tax	**138,562**	123,800
Tax on investment income at the standard rate of 21% (2008: 20%)	**29,098**	24,760
Effects of:		
Adjustments to tax charge in respect of previous periods	**-**	-
	29,098	24,760

7 Tangible fixed assets

	Leasehold improvements fixtures and fittings	Computer equipment	Office equipment	Total
	£	£	£	£
Cost:				
At 1 April 2008	320,845	288,156	66,477	675,478
Additions	0	104,514	1,582	106,096
Disposals	-	(2,556)	-	(2,556)
At 31 March 2009	**320,845**	**390,114**	**68,059**	**779,018**
Depreciation:				
At 1 April 2008	38,424	210,637	50,631	299,692
Charge for the year	32,801	50,783	6,921	90,505
Disposals	-	(1,570)	-	(1,570)
At 31 March 2009	**71,225**	**259,850**	**57,552**	**388,627**
Net book value:				
At 31 March 2009	**249,620**	**130,264**	**10,507**	**390,391**
At 31 March 2009	282,420	77,519	15,847	375,786

8 Debtors

	2009	2008
	£	£
Subscriptions	**2,052,849**	2,086,897
Staff loans: season tickets	**11,292**	8,365
Prepayments	**128,584**	53,639
Sundry debtors	**87,163**	8,196
	2,279,888	2,157,097

9 Creditors: amounts falling due within one year

	2009	2008
	£	£
Subscription in advance	**3,473,166**	3,199,608
Trade creditors	**204,795**	62,116
Corporation tax	**29,141**	24,760
Other tax and social security costs	**27,957**	24,798
Other creditors (see footnote)	**39,409**	-
Accruals and deferred income	**96,029**	188,086
	3,870,497	3,499,368

Other creditors relates to funds held by IHOL as a custodian at the request of CLG in regard to a pilot private landlords tenancy deposit scheme that originally operated some years ago. The funds were previously held within a Nationwide Building Society account and were transferred to IHOL in the financial year. IHOL is working with CLG to resolve ownership of the funds.

10 Accumulated reserves

a General Fund

	2009	2008
	£	£
At 1 April 2008	**800,075**	50,448
Surplus for the year	**361,943**	219,579
Actuarial loss on defined benefit scheme assets	**(1,420,000)**	530,000
Transfer to pension reserve fund	**(120,000)**	-
At 31 March 2009	**(377,982)**	800,027

b Pension Fund

	£	£
At 1 April 2008	**-**	-
Transfer from general fund	**120,000**	-
At 31 March 2009	**120,000**	-

During the year the company created a dedicated reserve in regard to its pension fund liabilities by transferring £120,000 from its general fund pending a review of its pension deficit funding strategy.

11 Pensions

The Company is an Admitted Body to the City of Westminster Pension Fund a defined benefit scheme. The Pension Fund is operated under the Local Government Pension Regulations 1997 (as subsequently amended). The Company pays different contribution rates compared to other employers participating in the Fund, reflecting differences in the Company's demographic profile and experience and is exposed to actuarial risks associated with their current and former employees' membership of the Fund. The contributions are determined by an independent, qualified actuary at Hewitt Associates Ltd. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments, contributions paid to the fund and benefit payments.

A significant number of changes have been made to the benefits of the fund since the previous valuations. The main changes relate to: reinstatement of the Rule of 85 retirement provisions; changes consistent with the Finance Act 2004 e.g. an option to surrender pension for lump sum payments with the introduction of a new scheme from 1 April 2008 and the introduction of tiered employee contribution rates.

The actuarial valuation of the Fund at 31 March 2007 shows the returns from investment markets to be significantly better than expected, the return on long dated gilts to be broadly the same as expected with index linked gilt yields having fallen. Pay and pension increases were slightly higher than forecast. Overall these factors have had a significant positive impact on the financial position of the Fund. The key assumptions used for the actuarial valuation as at 31 March 2007 are that general pay will increase by 5.2% per annum and that pensions will increase by 3.7% per annum. For Admitted Bodies the funding target is 6.2% for members in active service and 5.2% otherwise. The value placed on the Fund's assets as a whole was £664.1M representing 79% of the funding target required to cover the liability for benefits under the valuation method used.

Following the 2007 actuarial review the actuary recommended that the Company's contribution rate of pensionable salaries increases as follows:

Year ended 31 March	Contribution Rate %
2009	17.2
2010	17.9
2011	18.6

Under the new scheme which came into effect on 1 April 2008 employee contribution rates changed from 6% of pensionable salaries to a rate ranging from 5.5% to 7.5% depending on salary.

The Actuary has advised the Company that its additional contributions in previous years have been taken into account when determining the Company's share of the assets at the valuation date.

The main reason behind the increase in IHOL's liability to the pension fund is due to a significant fall in the market vale of fund investments and actuarial losses on the assessment by the actuaries of scheme liabilities. Results under

the FRS17 reporting standard can change dramatically depending on market conditions. The liabilities are linked to yields on AA rated corporate bonds whereas the majority of the assets of the Fund are invested in equities. This will lead to volatility in the net pension asset on the balance sheet and the actuarial gains or losses in the statement of total recognized gains and losses.

The total pension service cost charged to the accounts in the year was £165,371 (2008: £265,539) as set out in note 3.

The choice of assumptions is the responsibility of the Directors following advice from the actuary. The assumptions chosen are the best estimates from a range of possible actuarial assumptions which may not necessarily be borne out in practice.

The principal assumptions used by the actuary were:

	At 31.03.09 %	At 31.03.08 %	At 31.03.07 %
Inflation	**3.6**	3.7	3.2
Rate of increase in salaries	**5.1**	5.2	4.7
Rate of increase of pensions in payment/ deferred pensions	**3.6**	3.7	3.2
Discount rate	**6.5**	6.8	5.3
Post retirement mortality (future lifetime years)			
Males (PNMA00)	**22.2-24.5**	21.3-23.2	
Females (PNFA00)	**24.2-26.4**	23.4-24.6	

The company's notional share of the assets in the scheme and the expected rate of return together with the net funding position were:

	Rate of return At 31.03.09 %	**Value at 31.03.09 £'000**	Rate of return At 31.03.08 %	Value at 31.03.08 £'000
Equities	**7.0**	**1,762**	7.6	2,480
Government Bonds	**4.0**	**197**	4.6	420
Corporate Bonds	**5.8**	**546**	6.8	330
Other	**1.6**	**86**	6.0	-
Total assets	**6.3**	**2,590**	**7.1**	**3,230**
Estimated liabilities		**(4,440)**		**(3,690)**
Net pension deficit		**(1,850)**		**(460)**

Analysis of amounts charged to the operating surplus	**2009 £000**	2008 £000
Current service cost	**160**	220
Past service cost	**-**	50
Total	**160**	270

Analysis of net finance charges on pension scheme	**2009 £000**	2008 £000
Expected return on pension scheme assets	**230**	210
Interest on pension scheme liabilities	**(260)**	(220)
Net charge included in note 2b	**(30)**	(10)

Analysis of amount recognised in the statement of total recognised gains and losses (STRGL)	**2009 £000**	2008 £000
Actual return less expected return of fund assets	**(30)**	(220)
Experience gains and losses on liabilities	**0**	(10)
Changes in assumptions	**(1,390)**	760
Actuarial (loss)/gain recognised in STRGL	**(1,420)**	530

Changes in the present value of liabilities during the period	**2009 £000**	2008 £000
Opening present value of liabilities	**(3,690)**	(3,930)
Current service cost	**(160)**	(220)
Interest cost	**(260)**	(220)
Contributions by participants	**(90)**	(70)
Actuarial (losses)/gains based on actuarial assumptions	**(290)**	750
Past service cost	**-**	(50)
Benefits paid	**50**	50
Closing present value of liabilities	**(4,440)**	(3,690)

Changes in the fair value of scheme assets during the accounting period	**2009 £000**	2008 £000
Opening fair value of scheme assets	**3,230**	2,920
Expected return	**230**	200
Actuarial loss	**(1,130)**	(220)
Employer contributions	**220**	310
Employee contributions	**90**	70
Benefits paid	**(50)**	(50)
Closing fair value of scheme assets	**2,590**	3,230

Movements in deficit during the year	**2009 £000**	2008 £000
Deficit in scheme at beginning of the year	**(460)**	(1,020)
Movement in year:		
Current/past service cost	**(160)**	(270)
Contributions	**220**	310
Net finance cost	**(30)**	(10)
Actuarial gain	**(1,420)**	530
Deficit in scheme at end of year	**(1,850)**	(460)

History of experience gains and losses	2009 £000	2008 £000	2007 £000
Difference between expected and actual return on assets:	**(30)**	(220)	(40)
% of assets	**1.1%**	(6.8%)	(1.4%)
Experience gains and (losses) on scheme liabilities:	**0**	(10)	(10)
% of present value of the liabilities	**(0%)**	(0.3%)	(0.3%)
Changes in assumptions:	**(1,390)**	760	70
% of present value of the liabilities	**53.7%**	20.5%	1.8%
Total amount recognised in statement of total recognised gains and losses:	**(1,420)**	530	20
% of present value of liabilities	**54.8%**	14.3%	0.5%

12 Members' liability

As a company limited by guarantee the company does not have share capital. In the event of the winding up or dissolution of the company the members are liable to contribute an amount not exceeding £1 towards the debts and liabilities of the company. At 31 March 2009 the company had 9 members (2008: 8)

13 Subsidiary undertaking

IHO Resolve Limited (a company limited by guarantee not having a share capital) is a subsidiary undertaking of the company by virtue of common membership and control. The company was dormant throughout the year and its reserves as at 31 March 2009 were £NIL.

14 Operating leases

At 31 March 2009 the company had annual commitments under non-cancellable operating leases as follows:

	Property 2008	2007
Expiry date	£	£
Greater than 5 years	**251,096**	254,251

Other operating leases are not material and are therefore not detailed in this note.

15 Related parties

There were no transactions, arrangements, relationships or contracts with Board members. Board members do receive reimbursement for holding office and the cost of expenses incurred in the performance of their duties other than payment of fees for services of a non executive director as disclosed in the remuneration report.

Schedule 1: accounting policies

1 The disclosure exemptions for small and medium-sized companies permitted by the Companies Act 1985 shall not apply to the company.

2 The annual accounts shall contain the information required to be disclosed in directors' reports as specified in Schedule 7 to the Companies Act 1985, save that the company shall prepare an Operating and Financial Review (in place of a Business Review) in line with the recommendations of Reporting Statement *Operating and Financial Review*, to the extent that such requirements are appropriate to the company.

3 The annual accounts shall contain a Remuneration Report in line with the requirements of section 234B and Schedule 7A of the Companies Act 1985 and for which purpose the company's chairman, chief executive and all members of the management Board shall be taken to be directors. (Under the Data Protection Act 1998, individuals need to give their consent for some of the information in these sub-paragraphs to be disclosed. If consent is withheld, this should be stated next to the name of the individual.)

4 The company's income and expenditure account shall be in format 1 as set out in Schedule 4 to the Companies Act 1985, adapted where necessary to suit the special nature of the Commission's business. The balance sheet shall be in format 1. In the balance sheet, totals shall be struck at "Total assets less total liabilities".

5 Freehold land and non-leased buildings held as fixed assets shall be stated at existing use value or, for property of a specialised nature, at depreciated replacement cost. Other non-leased fixed assets shall be stated at net current replacement cost. All valuation bases as defined by the Royal Institution of Chartered Surveyors.

6 Stocks and work in progress shall be included in the balance sheet at the lower of estimated replacement cost and estimated net realisable value.

7 Expenditure in the income and expenditure account shall include a notional cost of capital, at 3.5% of the average net assets during the year. This amount shall be reversed after the line showing the surplus or deficit for the year.

Accounts direction issued by the Secretary of State for Communities and Local Government

on 30 March 2007

Schedule 2: additional disclosure requirements

The following information shall be disclosed in the annual accounts, as a minimum, and in addition to the information required to be disclosed by the Companies Act 1985 and by accounting standards.

a Details of employees, other than directors, showing:

i the average number of persons employed during the year, including part-time employees and secondees, analysed between appropriate categories

ii the total amount of loans to employees

iii employee costs during the year, showing separately:

1 wages and salaries
2 early retirement costs
3 social security costs
4 contributions to pension schemes
5 payments for unfunded pensions
6 other pension costs.

b A statement of losses and special payments during the year, being transactions of a type which Parliament cannot be supposed to have contemplated. Disclosure shall be made of the total of losses and special payments if this exceeds £250,000, with separate disclosure and particulars of any individual amounts in excess of £250,000. Disclosure shall also be made of any loss or special payment of £250,000 and below if it is considered material in the context of the company's operations.

The Clear English Standard does not apply to pages 66-100

A biodegradable laminate has been used on the cover of this annual report

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