

Service charges: Guidance

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Introduction

Service charges are payments for the cost of providing facilities or services in relation to a tenancy. They must be reasonable and attributable to the costs of the service or facility.

Service charges can include costs for general maintenance and repairs, lifts, lighting and cleaning of communal areas.

Private Rented Sector

In the Private Rented Sector (PRS), a tenant's rent liability may be made up of both rent and service charges and the service charges are not always identifiable separately.

Claimants in the PRS do not need to provide a breakdown to show service charge information, only the total value of the rent and service charge payment which is due. Therefore, when a PRS tenancy includes service charges, we only need to record the total costs of the rent and service charges as a single total.

This is because housing costs support is limited by the applicable Local Housing Allowance rate which accounts for service charge deductions based on average costs within the Broad Rental Market Area.

Some postcodes are covered by more than one Broad Rental Market Area. In these cases, the correct Broad Rental Market Area must be determined to ensure the correct Local Housing Allowance rate is applied.

Social Rented Sector and owner occupiers

In the Social Rented Sector (SRS), landlords are responsible for providing their tenants with details of any service charges.

Owner occupiers may have service charges if their home was purchased on a leasehold basis.

To receive help with any eligible service charges, claimants in the SRS sector and owner occupiers must be liable for the service charges and the payment must be a condition of them occupying the accommodation.

Claimants who are owner occupiers may qualify for help with service charges after they have been receiving Universal Credit continuously for 9 assessment periods with no earned income.

Social Rented Sector claimants do not need to provide evidence of their service charges. As part of the verification process, SRS landlords confirm the value of service charges which are eligible for support within Universal Credit.

For more information on service charges, see ADM Chapter F2 Service charge payments F2050 – F2080