



COMPENSATION POLICY

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Introduction

HFH strives to provide high quality services in everything that we do. However we accept that there will be occasions where the standard of service falls below our accepted levels or when mistakes are made.

Claims for compensation will be considered on the merits of the case and be agreed at a senior level in the organisation. This is because the approval of compensation must be the exception rather than an excuse for poor performance.

Management must be aware of cases where compensation is paid and learn from them. The cost of compensation granted will be a charge to the business unit that has awarded them as an incentive to reduce compensation payments to a minimum and to focus management action to deal with continual service improvements.

This compensation policy must be read in conjunction with HFHs complaints policy and procedure. It does not replace it.

Purpose

The purpose of the policy is to give clarity to the circumstances under which compensation will be considered, and also to give flexibility and discretion in dealing with compensation on a consistent basis across the Company.

Circumstances when compensation should not be considered

Compensation should not be considered where the event giving rise to the complaint is the subject of an insurance claim or where there is impending legal action against HFH. That is not to say that compensation should not be offered where it is being considered in order to avoid legal action.

Compensation should also not be considered on matters of dispute that are or can be taken to statutory appeal unless the offer and acceptance of compensation brings closure to the issue and the complainant is, by virtue of the acceptance of the compensation, prevented from progressing the appeal. Examples are parking tickets, housing benefit

Circumstances when compensation should be considered

As a general rule compensation will only be considered following an unresolved complaint by the recipient of the service, providing the circumstances of the complaint are upheld.

A first stage complaint would not normally trigger consideration of compensation. A complaint is a residents way of pointing out a defect in the service provided and asking for remedial action to put things right. Remedies for dealing with the complaint at this stage include:

- Making an apology, verbally and supported in writing where necessary
- Carrying out the service that has failed, quickly and efficiently. Many repairs complaints fall into this category.
- Reconsidering a decision that was not taken properly.

However, compensation can be considered in exceptional circumstances at the first stage, where it is apparent that the situation warrants the offer of compensation in the opinion of the manager. This could be because of the nature of the event complained about or the impact on the complainant. It should not be considered unless the circumstances go beyond the simple acceptance of a mistake that merely causes some inconvenience to the complainant.

As a general rule compensation should be considered when HFH fails, after two attempts by the resident, to have the expected service standard delivered.

The event giving rise to the consideration of compensation should have occurred within the last three months unless there has been continuous contact with the resident or where delays in bringing the matter to a conclusion have been as a result of actions (or lack of them) by officers of HFH. Compensation in respect of an event that happened more than six months previously should only be considered in exceptional circumstances and the Chief Executive shall be notified.

It is important to point out at this stage that it is not necessary to insist that a customer make a written request for compensation, or that a customer puts in a complaint in order to receive compensation. However, it is best practice to encourage the customer to complete the HF Homes Compensation Claim Form (appendix 1) as a means of registering the request for compensation with HF Homes

Factors to be taken into account when deciding compensation

Every case for compensation must be considered on its own merits. It is the specific grounds that constitute the failure of service delivery that generates the claim for compensation. The amount of the compensation will be dependent on a range of factors and must be appropriate and proportionate to the problem suffered by the resident.

The factors to be taken into account in deciding the level of compensation include:

- ◆ **The effects of the resident's own actions:** Did the resident contribute to the service delivery failure, for example, problems in gaining access occasioned by the resident or delays in returning a form, etc.

- ◆ **Costs incurred:** This will cover quantifiable costs that have arisen as a result of the event that has given rise to the complaint that would not otherwise have been incurred. These will need to be assessed with care, on the basis that it was reasonable for the resident to incur the costs given the circumstances of the case.
- ◆ **Loss of value:** Any claims for loss of value would need to have been occasioned by the accepted failure of the service.
- ◆ **Lost opportunity:** for example, the complainant may have been deprived of the right to appeal because he or she was not told of that right.
- ◆ **Distress:** This should only include stress, anxiety, inconvenience, frustration, worry and uncertainty that has been directly caused by the compensation event. It must not relate to any such distress that a resident may experience had there not been the accepted failure in the service. The amount will need to take account of all the circumstances including the severity of the distress, the length of time involved and the number of people affected, again these must be to the extent that it was caused by the failure.
- ◆ **Professional fees:** Caution must be exercised in agreeing to compensate for professional fees. For this to be considered, there must have been an accepted failure in the service, HFH must have had an opportunity to remedy the failure and the actions of the resident must be reasonable in warranting the engagement of the professional in order to address the compensation event. Finally, the costs incurred must be reasonable and commensurate with the failure both in terms of the rate charged and the time involved.
- ◆ **Time and trouble:** this should only be paid when the time and trouble in pursuing the complaint are more than the minor costs that would routinely be expected. It is not the same as distress caused by the HFH's actions. In assessing whether payment is appropriate, relevant factors to consider could include the passage of time in resolving the matter; the effort required from the resident; the degree of inadequacy of the HFH's responses, and whether there has been any element of wilful action of HFH as opposed to poor administration. NB: the Ombudsman's recommendations on time and trouble payments are normally in the range £25 to £250 but do tend to be at the lower end of the scale.

Level of Compensation Award

The circumstances of each case will not only determine whether compensation is offered but will also influence the level of the compensation.

Because circumstances vary significantly, any guidelines on the likely range of award has to be broad. The overriding principle is that the amount of compensation awarded must be appropriate and proportionate. The following matrix provides guidance on the likely **maximum** values which could be

awarded, based on the level of HFH responsibility and the level of impact on the resident affected by the service failure. Consistency will be ensured by the levels of authority to award compensation, as set out in this policy.

| Degree of HFH responsibility | No Impact | Low Impact | Medium Impact | Major Impact |
|------------------------------|-----------|------------|---------------|--------------|
| None | £0 | £0 | £0 | £0 |
| Partial | £0 | £25 | £50 | £100 |
| Full | £0 | £50 | £200 | £500 |

In all cases there must be an acceptance that a mistake has been made or the complainant has just cause to complain by virtue of the treatment received or other circumstances of the case. Given this, the following broad guidelines should be followed in determining the degree of impact on the complainant. It is a matter for the manager to interpret these guidelines according to the specific circumstances:

Low Impact: Where the complainant has just cause but has not suffered significant inconvenience or distress as a result of the compensation event. The circumstances are such that although the manager accepts the service has not achieved the expected standard, the impact is no greater than a reasonably tolerant person could be expected to accept and the compensation constitutes a token in acknowledgement of the failure to perform.

Medium Impact: Where the compensation event is clearly an injustice to the complainant and the service has markedly failed to meet the required standards. A repeated failure of HFH to address the shortcoming, even of a low impact event, could give rise to consideration of medium impact level of compensation.

Major Impact: These relate to a serious failure in service standards. It could either be the severity of the event or a persistent failure over a protracted time or an unacceptable number of attempts to resolve and address the complaint. Major impact could also apply where, by virtue of the actions (or inaction), of HFH the complainant has reasonably incurred expenses that are directly related to the compensation event. Such expenses shall also only be considered to the level that is considered commensurate with the event. For example, the engagement of a QC on a minor event would be considered excessive and unreasonable.

Authority to approve / offer Compensation

The levels of authority to approve compensation payments or the offer of compensation (in the terms set out below) are as follows:

- ◆ **Amounts up to £500:** Executive Team members, but local agreements can be made for section managers to offer and approve compensation of amounts up to £300.
- ◆ **Amounts in excess of £500:** The Chief Executive or Company Secretary

Offers of compensation

All offers of compensation must be made in writing. Any letter making an offer of compensation should, as a matter of practice, include the words ***'without prejudice' at the top of the first page and the advice that 'the offer/award of compensation is not an admission of liability by HF Homes'***. Any offer should always be ***'in full and final settlement'*** of the complaint. This means that, if the offer is accepted, the matter is effectively closed. If in doubt about any aspect of assessing or offering compensation officers should seek advice from their manager. An HF Homes Compensation Acceptance Form (appendix 2) must be completed by any customer accepting an award or offer of compensation from HF Homes. This form must be included in any correspondence containing an award or offer of compensation to a customer.

Offsetting Compensation

Once compensation has been decided, offered and accepted, the resident's records should be examined for all instances where the resident owes money or is in arrears. Where this is the case, the compensation will be deducted from any amount owing. If the compensation is greater than the debt, it could be used partly to pay the debt with any balance paid to the complainant.

Offsetting may not be appropriate in all such circumstances, for example where the action being criticised was itself an attempt to offset. Offsetting may also not be appropriate where the compensation is for a specific purpose, for example, to decorate after repairs or to replace damaged possessions. This will be dependent on the circumstances of the case. Offsetting should always be considered where sums are owing to HFH.

Management of Compensation Awards

Once an award of compensation has been agreed and approved an HF Homes Notification of Award of Compensation Form (appendix 3) must be completed by the officer awarding the compensation. The form sets out the basis that the offer is made and has provision for the awarding officer to record the lessons learnt from the compensation event at the time the offer is awarded. It also provides for the actions subsequently taken to be recorded at a later date for monitoring and service improvement purposes. All

compensation award forms must be passed to the Business Support section of each Business Unit where the information contained will be recorded on a Compensation Award spreadsheet. (appendix 4)

The Executive Team members will be separately accountable to the Chief Executive for the amount of compensation awarded by their Business Unit. The specific coding of expenditure against the business unit will track the level of awards made. Managers are expected to respond to the causes of compensation events and to take the appropriate action to improve the standard of service provided to the residents.

Each Executive Team member will forward a record of the awards made to the Company Secretary. A quarterly report will be submitted to the Executive Team of the compensation awarded during the period in conjunction with the report required under the separate HFH Complaints Policy.

All associated leaflets, posters and forms necessary to publicise the availability of this service must be displayed at all HF Homes reception points and made available on the HF Homes website.

HFH welcome feedback on all policies. Please feel free to comment to the Company Secretary, HFHomes, Riverview House, Beavor Lane, London W6 (AR