



SHAC's Open Letter on the Service Charge Payment Protection Scheme.

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To: Sir Keir Starmer MP, Angela Rayner MP, Matthew Pennycook MP

Re: A New Service Charge Payment Protection Scheme

Our constituents continue to experience difficulties accessing justice when faced with extortionate and/or inaccurate service charge bills. Unfortunately, none of the current or proposed reform Bills will close this gap.

We are therefore asking the Government to introduce a new scheme which would allow tenants and residents to deposit any disputed service charges with a court or similar neutral body. If the landlord can evidence the legitimacy of the charge within a specified timeframe, the monies would then be passed to them. If not, they would be refunded to the tenant or resident.

This simple scheme would ensure fairness to both parties whilst reducing service charge abuse by landlords.

The scheme would mirror the successful **Tenancy Deposit Scheme** which has significantly limited sharp practice by landlords. Research has shown that the TDS has been highly effective, with an estimated 80% of deposit disputes being settled in favour of the tenants, and deposits swiftly returned to them. In the remaining cases, landlords have been able to prove damage to their property or non-payment of rent, and legitimately claim the funds.

By contrast, although the law specifies that service charges must be accurate and reasonable, the current service charging system expects tenants and residents to pay on demand, even if it is clear that the charge is not legitimately incurred. They are then expected to extract a refund from their landlord.

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Re: A New Service Charge Payment Protection Scheme - continued

Landlords often have little incentive to refund overpaid charges. In the face of landlord resistance, and without the support of Legal Aid, tenants and residents must first navigate the landlord's complaints process, then submit a claim to the First Tier Property Tribunal. It is an expensive and long-winded process.

Importantly, even when tenants or residents win a claim, landlords regularly fail to refund the overcharged monies and regularly defy court orders because meaningful sanction for doing so is non-existent. A fairer system is essential.

We hope that you will give due consideration to this scheme.

Signed:

Bell Ribeiro-Addy MP - Clapham and Brixton Hill