



# Service charges

## Information for council leaseholders

As your landlord, we are responsible for keeping the main structure of the building and the shared areas in a satisfactory condition, carrying out maintenance, repairs and major work where needed. We send you invoices every year to cover the cost of this maintenance and repair work.

### **This leaflet tells you:**

- What service charges are
- About ground rent
- About buildings insurance
- How to pay your bills
- What to do if you can't afford to pay

### **What are service charges?**

As your landlord, we are responsible for keeping the main structure of the building and the shared areas in a satisfactory condition, carrying out maintenance, repair and major work where needed.

Service charges cover the cost of this maintenance and repair work. The cost is split fairly between all of the flats in the block (as shown in your lease).

The rent we charge our tenants contains an amount to cover the costs of maintaining and repairing the building. Your service charges do not pay for services we provide to council tenants.

Depending on the type of property you live in, your service charge could cover the following:

- Maintaining shared landscaping
- Cleaning shared areas
- Cleaning the refuse chute
- Lighting shared areas
- Maintaining the lift
- Replacing the lift when it is no longer economical to repair (part of your service charge could go into a 'sinking fund', saving towards the cost of replacing the lift)
- Heating shared areas

- Day-to-day repairs and maintenance
- Ground rent
- Buildings insurance

## What is ground rent?

Ground rent is the charge you pay once a year for renting the land. The charge is set within your lease at £10 for 125-year leases and £20 for 99-year leases and will not change for the length of the lease. The full amount is due on 25 March each year, but you will have 60 days (from the date on the bill) to pay this.

## What is buildings insurance?

We are responsible for arranging insurance cover for the building you live in. Under the terms of your lease you must have this buildings insurance and we will send you a bill for the insurance premiums each year, along with a summary of the policy. This means that you do not have to arrange buildings insurance, but we do suggest that you take out contents cover for your possessions.

The insurance policy provides cover to repair loss or damage to the structure of your home (inside or outside) as a result of a specific event such as fire, storm, water damage or vandalism. It does not provide cover for general maintenance or wear and tear. For example, if the inside of your leasehold property is damaged by water coming through from the flat above you, you can make a claim under the buildings insurance policy to cover the cost of repairs to your property. If a shared part of the building is vandalised, we will claim for this under the buildings insurance and we will not charge you for the repair. Please report acts of vandalism to the police and get a crime reference number. We will need the crime reference number to process the insurance claim.

Please contact our Insurance team to make a claim or check the details of the cover.

Email: [Insurance@dacorum.gov.uk](mailto:Insurance@dacorum.gov.uk)

Tel: **01442 228320** or **228150**

## How do I pay the bills you send me?

When you receive the bill for your service charge, you will have 60 days (from the date of the bill) to pay.

You can pay your bill in the following ways:

- Over the phone on **01442 228315 (Customer Accounts)** or **08453 70 60 70 (24 hours)**
- On our website at [www.dacorum.gov.uk](http://www.dacorum.gov.uk)

- Through telephone banking or online banking
- In our customer service centres (by cheque, debit card or credit card, or postal order)
- By post (by cheque or postal order only)
- By direct debit (please contact our Customer Accounts Department.  
Email: [customer.accounts@dacorum.gov.uk](mailto:customer.accounts@dacorum.gov.uk) or Tel: **01442 228315**)
- At a bank, post office or Payzone point

Please have your bill to hand when paying by any of the above methods as you will need the details from it.

**Please note:** If you have received a large bill (for redecorating the shared areas or for major work) and would like to spread the cost of the work over a period of time, please contact Customer Accounts and they will be happy to agree an interest-free payment plan based on the amount of your bill. You would need to pay by direct debit or standing order.

Email: [customer.accounts@dacorum.gov.uk](mailto:customer.accounts@dacorum.gov.uk) or Tel: **01442 228315**

## Can I receive any financial help?

You could ask your existing mortgage lender for another loan to pay your service-charge bill. Usually, this would mean adding the amount of the new loan to the amount you already owe on your mortgage. Your mortgage lender would then work out a new repayment rate on your mortgage. They may also consider extending the mortgage term (for example, from 25 to 30 years) to keep the repayments affordable.

If you want to consider this option, you should contact your existing lender. Most lenders are prepared to tell you whether they would approve or refuse a loan before you formally apply.

## Are there limits on how much you can charge me?

If you bought your flat from us under the 'Right to Buy' scheme, we will have given you an 'offer notice' under section 125 of the Housing Act 1985 (a section 125 notice). This notice will include estimates for any major work or improvements which we are due to carry out, and we cannot charge you more than these estimates plus an allowance for inflation. The notice lasts for five years from the April following the date when we first sold the lease.

When the five-year period ends, we can charge you your share of the reasonable cost of any work we carry out. If you buy a property which we sold under the Right to Buy scheme less than five years ago, the section 125 notice will still be valid, even if you are not the first person to receive the notice.

## **Can I claim benefit to pay my service charges?**

There is no state benefit to help pay your service charges. If you are sick, unemployed or disabled, you will probably qualify for financial support under the Government's benefit system. You should apply to the Department for Work and Pensions (DWP) at your local Jobcentre Plus office or get advice from your local citizens advice bureau.

If you are already claiming Income Support, income-based Jobseeker's Allowance or Pension Credit from the DWP, you may be able to get some help towards the cost of major work to your building. You should ask the DWP or citizens advice bureau whether you are eligible. Even if you qualify for help, you will still be responsible for paying your service charges.

## **Can I apply for a reduction in the charges for major work and improvements?**

If your service charges relating to repairs, maintenance or improvements are more than £10,000 over a five-year period, you can apply to have the charge reduced to £10,000 (but not less than this) under the Social Landlords Discretionary Reduction of Service Charge (England) Directions 1997.

This does not apply if the value of your property has been increased by more than £10,000 as a result of the work. When considering applications, we will investigate your circumstances and check that you are living in the property as your main home.

Please note that, as a general rule, you will get a direct financial benefit from this work because maintaining and improving the outside and structure of the building will increase the value of your property.

## **What happens if I do not pay my service charges?**

If you have raised a genuine dispute about a service we have provided or a repair we have carried out, we will put the bill 'on hold' and you will not have to pay the part of the bill you disagree with until you have received a response from your leasehold officer. You should pay all the other charges that are not in dispute. If, after our investigation, your leasehold officer decides that you must still pay the charge, you should pay the outstanding amount in full.

You should always get independent legal advice if you are thinking of withholding payment as you may be giving us the right to take legal action to revoke the lease. Revoking the lease means that we would take back the property from you and end the lease. We would hope to reach resolution with you before getting to this stage. As a leaseholder, you would

not want to lose the value of your investment, but you should be aware that this is legally possible.

If you do not pay your bill before the due date (and you have not arranged to pay by instalments and your invoice is not 'on hold' because you are disputing it), we will send you a reminder letter.

If we do not receive your payment within 10 days of the reminder letter, we will send you a final notice.

If we do not receive your payment after this, we will contact your mortgage lender because we have to tell them if you break the conditions of your lease, which includes not paying your service charges.

We will also contact your mortgage lender if you have disputed the bill but a court (or arbitration panel) has ruled that you should pay the bill. We are entitled to contact your mortgage lender to ask them to settle the debt on your behalf (by adding the amount to your existing mortgage).

If we still do not receive your payment, we will start legal proceedings through the county court. Once a court summons is issued, we will charge interest on the amount you owe.

If the court decides you have broken the conditions of your lease, you will have to pay our bills and our legal costs. If you have any problems paying your service charges, please contact us as soon as possible. This way we can try to avoid legal action.

For more information, please contact the Leasehold Services team by email: [servicecharges@dacorum.gov.uk](mailto:servicecharges@dacorum.gov.uk) or telephone **01442 228000** and ask for **Leasehold Services**. Direct line: **01442 228 799**.

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