

City of London Corporation Committee Report

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| Committee(s): Barbican Estate Residents Consultation Committee – For Decision Barbican Residential Committee – For Decision | Dated: 25 November 2024 9 December 2024 |
| Subject: Ombudsman Choice for Barbican Residents | Public report: For Decision |
| This proposal: <ul style="list-style-type: none"> • provides business enabling functions | |
| Does this proposal require extra revenue and/or capital spending? | Yes |
| If so, how much? | £7050 (inc. VAT) |
| What is the source of Funding? | Barbican Leaseholder Service Charge |
| Has this Funding Source been agreed with the Chamberlain’s Department? | N/A |
| Report of: | Judith Finlay , Executive Director of Community and Children’s Services |
| Report author: | Anna Donoghue , Housing Complaints Team Daniel Sanders , Assistant Director of Barbican Residential Estate |

Summary

The purpose of this report is to propose that Barbican Leaseholders are entered into the Property Ombudsman Scheme as opposed to the Housing Ombudsman Scheme. This report demonstrates that the Property Ombudsman Scheme is not only more cost-effective than the Housing Ombudsman Scheme, but also offers a more appropriate service for Barbican residents.

The Property Ombudsman is an independent Ombudsman Service aimed at resolving disputes between consumers and property agents. It is a full member of the Ombudsman Association.

Recommendation(s)

Members are asked to:

- Note the report.
- Approve the decision to enrol Barbican Leaseholders into the Property Ombudsman Scheme, as opposed to the Housing Ombudsman Scheme.

Main Report

Background

Historically, Barbican Leaseholders have had access to escalate complaints to the Housing Ombudsman when they have felt dissatisfied with the service of the City of London Housing Division.

In 2022, the Housing Ombudsman introduced their 'Complaints Handling Code'. This was made statutory from 1 April 2024. Due to the changes in Housing Regulations over the last few years, the City of London's Housing Complaints Team has seen an increase in the number of complaints, as well as cases referred to the Housing Ombudsman.

Prior to 2024/25, the City of London Housing Complaints Team had only received one Barbican Leaseholder case in 2022 from the Housing Ombudsman.

Current Position

To date in 2024/25, the City of London Housing Complaints Team have received two Barbican Leaseholder Housing Ombudsman cases. Please note, these complaints may have been made during 2023/24, but due to the Housing Ombudsman's backlog in processing, they were not received by the team until April 2024 at the earliest.

Options

Going forward, the City of London can either enrol Barbican Leaseholders in the Housing Ombudsman Scheme or the Property Ombudsman Scheme.

1. The Housing Ombudsman:

The Housing Ombudsman's main area of focus is on social housing providers. Leaseholder cases make up a small proportion of the cases dealt with by the Housing Ombudsman. For example, their Spotlight Report in 2020: 'A New Lease of Life'¹ showed that between 2018 – 2020, only 6% of the total number of complaints received were from Leaseholders or Shared Owners.

¹ [A new lease of life: Spotlight on leasehold, shared ownership and new builds: complexity and complaint handling \(housing-ombudsman.org.uk\)](https://www.housing-ombudsman.org.uk)

More details regarding the Housing Ombudsman Service are available via the following link: [About us | The Housing Ombudsman Service \(housing-ombudsman.org.uk\)](https://housing-ombudsman.org.uk)

Costs: The Housing Ombudsman charges for membership per unit. The cost per unit is £8.03 (inclusive of VAT). There are 2074 units on the Barbican Estate, which would equate to a total cost of £16,654.22.

Information on the Housing Ombudsman's membership and fees are available here: [Membership - Housing Ombudsman \(housing-ombudsman.org.uk\)](https://housing-ombudsman.org.uk)

Please note, the City of London is already mandatory member through the HRA and Almshouses Trust.

2. The Property Ombudsman:

The Property Ombudsman focuses entirely on consumers and property agents, and therefore offers a more suitable service for leaseholders. Well known property agents such as Rendall & Rittner and Encore Estate Management are members of the Property Ombudsman scheme.

More details regarding the Property Ombudsman are available via the following link: [About The Property Ombudsman Scheme \(tpos.co.uk\)](https://tpos.co.uk)

Costs: The City of London would need to sign up as a residential leasehold manager. Given that the Barbican Estate has between 2000 – 10,000 units, the City of London would need to sign up for the Property Ombudsman under option B, signing up two branches (Guildhall and the Barbican Estate Office):

Annual Membership fee: £765.60 (inc. VAT)

Joining fee: £84 (inc. VAT)

≡ Total for each branch: £849.60 (inc. VAT)

Early Resolution: £345.60 (inc. VAT) per case

Full Review case fee: £517.20 (inc. VAT) per case

The full membership fee includes fair usage policy of up to three Ombudsman supported complaints per annum. Fourth and subsequent ombudsman complaints would attract a full case fee.

Please see appendix 1 for a breakdown of The Property Ombudsman's costs.

Please see appendix 2 for an outline of the Property Ombudsman's complaints procedure. Please note, this differs to the procedure used currently, which is informed by the Housing Ombudsman's complaints handling code (appendix 3).

Proposals

It would be more appropriate, and more cost-effective for Barbican residents to be enrolled on to the Property Ombudsman Scheme as opposed to the Housing Ombudsman Scheme.

As explained above, the Property Ombudsman offers a tailored service for leaseholders, whereas the Housing Ombudsman has a much broader remit, focusing primarily on social housing.

Costs:

Housing Ombudsman Membership costs are calculated at £8.03 per unit. Therefore, based on 2074 units, the annual cost to enrol Barbican Leaseholders in the Housing Ombudsman Scheme would be **£16,654.22 (inc. VAT).**

The annual cost to enrol Barbican Leaseholders in the Property Ombudsman Scheme would depend on the number of cases:

The **base** cost for both branches, inclusive of three Ombudsman cases would be: **£1699.20 (inc. VAT)**

However, given the increase in the number of Ombudsman cases in 2024/25, it is likely that there will be more than three cases per year.

Based on the knowledge that there have been two cases in the first quarter, if there were to be eight Ombudsman cases per year, the total annual cost, including early resolution for all cases would be:

£1699.20 for both branches (including three cases)
£517.20 x five remaining cases = £2586
£345.60 x eight early resolutions = £2764.80

Total: £7050 (inc. VAT)

Therefore, based on the statistics of quarter one, if there were eight Ombudsman cases in a year, it would be far more cost effective to enrol Barbican Leaseholders in the Property Ombudsman Scheme.

Key Data

The below table shows the number of complaints received from Barbican residents in recent years:

| Year | Stage 1 | Stage 2 | Ombudsman Cases |
|--------------|----------------|----------------|------------------------|
| 2021/22 | 7 | 2 | 0 |
| 2022/23 | 23 | 3 | 1 |
| 2023/24 | 42 | 8 | 0 |
| 2024/25 (Q1) | 6 | 2 | 2 active |

Currently, the average time it takes for the Housing Ombudsman to carry out a complaint investigation is four and a half months: [Resident Frequently Asked Questions \(FAQs\) | Housing Ombuds \(housing-ombudsman.org.uk\)](https://www.housing-ombudsman.org.uk/resident-frequently-asked-questions-faqs/)

The Property Ombudsman's membership team have explained that once they have all the information they require from both the landlord and the complainant, and advise a file has been completed, they aim to review everything with 90 days unless the complaint is considered highly complex (11% of cases). Highly complex cases have a timescale of 180 days.

Please see appendix 4 – Barbican Complaints Statistics for more information.

Corporate & Strategic Implications

Strategic implications – A new Barbican Specific Housing Complaints Policy and Procedure would need to be written in line with the regulations of the Property Ombudsman. The current Housing Complaints Policy and attached policies/procedures are currently informed by the Housing Ombudsman's Complaints Handling Code. Please see Appendix 2 – Property Ombudsman Complaint Handling Toolkit (Residential Leasehold Management) and Appendix 3 – Housing Ombudsman Complaint Handling Code for a comparison between both processes.

Financial implications – Up to £7050 (inc. VAT) Service Charge coverable.

Resource implications – Barbican complaints would still be resourced by the Housing Complaints Team. This team is currently staffed by Anna Donoghue and Kelly Tang. Unless there is a significant spike in Barbican Complaints, there would be no need for a change in resource. The Housing Complaints Team and Complaint Investigators for Barbican would need to carry out some additional training due to the change in the Complaints Process.

Legal implication – N/A

Risk implications – N/A

Equalities implications – As with the recent changes in the Housing Complaints Leaflets, two leaflets would be produced for Barbican Complaints under the Property Ombudsman. One of which would be a shorter leaflet using simplified language in order to allow for accessibility to a wider audience.

Climate implications – N/A

Security implications – N/A

Conclusion

This report has proposed that Barbican Leaseholders are enrolled into the Property Ombudsman Scheme, as opposed to the Housing Ombudsman Scheme for two key reasons. Firstly, the Property Ombudsman Scheme is more appropriate for Barbican Leaseholders, given its expertise and primary focus on disputes between consumers and property agents. Secondly, it would be more cost-effective to enrol Barbican Leaseholders in the Property Ombudsman, saving costs of over £9000 per year (based on the assumption that there could be eight Ombudsman cases).

Appendices

- Appendix 1 – Property Ombudsman Cost Breakdown
- Appendix 2 – Property Ombudsman Complaint Handling Toolkit (Residential Leasehold Management)
- Appendix 3 – Housing Ombudsman Complaint Handling Code
- Appendix 4 – Barbican Complaint Statistics

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