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Top 10 Ways Homeowners Can Save Up To £500

Rising energy bills have been the bane of many homeowners' existence throughout the past year and recent announcements promising cuts offer some a sigh of relief. However, as a global recession looms, many leaseholders are still unaware they could be saving hundreds of pounds each year if they paid more attention to their bills and service charges.

Roger Southam, Chairman of property management company Chainbow, is lifting the lid on many scams managing agents usually get away with which leaves leaseholders and freeholders out of pocket.

Roger comments: "When it comes to paying service charges, many leaseholders send away their money without actually asking what they are paying for or to whom the money is going to. As a result, when we have taken over management of properties, new clients are amazed that they end up paying less for service charges. On average, we have helped new clients save between £150 and £500 per leaseholder each year. How? Most of the time by just checking bills which is a simple task most people could not be bothered doing without realising they could make a great saving – even enough for a holiday abroad."

In order to help households navigate through ways money can be saved, Roger has compiled a Top 10 Hit List.

(Please note that not all the ten items listed below will be applicable to all properties).

Item	£ potentially saved (per couple per year)
1 Check the VAT on your energy bill – it should only be 5% not 17.5%	£75
2 Ensuring commercial tenants pay service charges in mixed use developments (with an average 50 apartment building)	£250
3 Challenge building insurance rates to reduce premiums	£270
4 Open common area access to social housing tenants	£50
5 Installing a water metre (according to water regulator Ofwat)	£27
6 Getting Interest On Your Service Charge Money	£45

7	Recompense for legal fees from late payers	£200
8	Only have audits when needed	£40
9	Do not pay for refuse collection	£20
10	Insurance claim timeline	£45

1. Check the VAT on your energy bill – it should only be 5%

Companies such as EDF have been known to charge residents 17.5 per cent VAT on their electricity and gas bills when it should only be five per cent.

“It shocks me that so many people do not realise they should only be charged five per cent VAT on their residence’s energy consumption and companies such as EDF continue to take advantage of this. We managed to finally have EDF refund £22,000 to our residents who have been overcharged for six years. This was not an isolated example. We commonly see it again and again across dozens of our properties.”

2. Ensure commercial tenants pay service charges in mixed-use developments

Tenants must ensure their managing agents are charging commercial operators service charges for buildings otherwise they could be paying 25 per cent more than they should.

“When Chainbow took over the management of Skylines in South End, we realised 52 residential units had been paying for the ground level commercial space’s service charge for more than six years. That transpired to £77,000 worth of fees or £245 per apartment per year. What’s incredible is that the previous managing agents had no idea that they could charge the commercial tenants. I would recommend all leaseholders living in mixed use developments double check with their agents that commercial operators also pay service charges. They should also check that the commercial tenants are paying 17.5 per cent for energy bills and that the difference between the commercial and residential isn’t just halved between homeowners and businesses.”

3. Challenge Building Insurance rates

Traditionally, many managing agents have received 30 per cent commissions from building insurance companies which charge whatever fee they like to leaseholders. The managing agents do not attempt to negotiate the insurance fees because they receive a handsome sum from the insurer. Leaseholders have the right to challenge their annual building insurance fees by lobbying their freeholder to change property managers or put pressure on agents to secure better building insurers.

4. Open common area access to social housing tenants

Private owners in large developments can reduce their service charges by allowing accesses to common areas such as gardens to social tenants.

“At several big developments, social tenants have asked why they do not have access to common areas where private owners have access and the reason is often that housing association will not pay service charge fees. When social tenants lobby their housing association to pay the service charge, often the fee for the private and the social occupiers is reduced.”

5. Install a water meter

According to Which? Adviser, most homes in England, Wales and Scotland are entitled to a free meter and companies are expected to fit them within three months after they are requested. Water regulator, Ofwat, has published statistics that illustrate households across the UK can reduce their water bills by £27 per year.

“Water metres are an easy way for couples and singles to save money because they only pay for the water they use. Families, however, are better off having non-metered water payment plans.”

6. Get Interest on Service Charge Money

Managing agents will be holding pooled money from service fees in bank accounts that generate interest. Interest generated from the money will mean there is a constant oversupply of money in building accounts so if a major repair might be needed, service charges are less likely to increase and leaseholders are less likely to be out of pocket. Chainbow argue leaseholders should insist their managing agents credit the service charge funds with interest accrued.

7. Get recompense for legal fees from late payers

If managing agents have to pay legal fees because payment from a few leaseholders is not received than it is unfair all leaseholders foot the legal fees charged on chasing those leaseholders. Managing agents should ensure those who did pay punctually are financial compensated by those who instigate additional charges.

8. Only have audits when needed

Managing agents may arrange for regular audits to ensure suppliers are charging fair fees and to ensure commissioned work is carried out. However, if tenants and leaseholders have no complaints about work from gardeners or other service personnel then the cost of conducting an audit is an unnecessary expense. It is cheaper to have certified accounts which gives a saving to the service charge.

9. Do not pay for refuse collection

Councils, such as the London Borough of Hackney, are known to charge leaseholders for refuse collection which is a service that should be included in the sum of monthly Council Taxes. Managing agents should dispute payment of refuse collection charges on behalf of leaseholders.

10. Insurance claim time line

“I have witnessed many occasions managing agents who collect costs for insurance claims through service charges but do not contact insurance companies when a claim needs to be made. They tell leaseholders and tenants that insurance companies are not getting back to them and as a result homeowners can be waiting years before anything is rectified. In this time, a building fault could worsen which means leaseholders have to pay more money for their property to be correctly fixed by the insurers. My advice is for leaseholders to constantly put pressure on their property managers to resolve the building problem. Leaseholders have the right to know who their building insurance company is and to contact the company directly. Unfortunately, if it can be proven that no communication was made by the agents, there is no recourse only to make a retrospective claim adding to cashflow problems on the service charge.”

For the past 24 months, Chainbow has lobbied the Government for better regulation of the property management industry. Chainbow advocates licencing of managing agents in order to fine operators should they be found to mislead leaseholders and freeholders.

Chainbow was founded by Roger Southam in 1989 and specialises in residential property management on behalf of owners, freeholders and developers. Chainbow aims to provide real value for money for its customers as well as changing their perceptions of property management. Chainbow does this through the provision of a clear charter aimed at setting out its values and promises to leaseholders, as well as an annual customer satisfaction survey intended to benchmark progress and identify areas for improvement.

Chainbow currently manages over 40 sites with 3,800 leaseholders across Greater London and intends to become the provider of choice property management and consultancy services in London. For further information on Chainbow contact Tel: 020 7928 9944, email: ask@chainbow.com or visit www.chainbow.com