The Right To Compensation For Improvements
HomePoint is a housing information and advice network set up by Scottish Homes in 1993.

Its objective is to improve the scope and quality of housing information and advice throughout Scotland.

We aim to:  
- identify the needs of consumers  
- fill gaps in existing information  
- support agencies who provide housing information and advice  
- develop national standards

HomePoint has an advisory committee with members drawn from a variety of backgrounds, including housing and consumer information, local authorities, voluntary agencies, legal, technical and financial organisations.

(This guide was prepared by the Scottish Consumer Council with a grant from HomePoint.)
The Right to Compensation for Improvements
a guide for tenants

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1. Introduction to the right to compensation

If you are a secure tenant of a local authority, Scottish Homes, or a new town development corporation, you now have the right to claim compensation for home improvements carried out after 1 April 1994.

You must have written permission from your landlord before carrying out home improvements, and you can claim the compensation when your tenancy comes to an end.

This guide will tell you what sort of home improvements you can claim compensation for, what to do before carrying out any work, what to look out for when having work done, how to make a claim, how your compensation is likely to be calculated, and who to contact for further help or advice. At the end of this guide there is a summary of the steps you need to take to claim compensation for improvements, along with examples of letters which you might have to write.

There is a leaflet called Right to Compensation for Improvements, produced by The Scottish Office. This will give you an introduction to the right, and you can get a copy either from The Scottish Office, or from your local citizen's advice bureau.

WARNING: THIS IS NOT A GRANT. YOU WILL HAVE TO PAY FOR YOUR OWN HOME IMPROVEMENTS. THE RIGHT TO COMPENSATION WILL ALLOW YOU TO CLAIM BACK SOME OF THE COST AFTER YOUR TENANCY

2. Work which qualifies for compensation

You can claim compensation for each of the following home improvements, provided you have written permission and the work began after 1 April 1994:

- bath or shower
- wash-hand basin
- toilet
- kitchen sink
- storage cupboards in bathroom or kitchen
- work surfaces for food preparation
- space or water heating
- thermostatic radiator valves
- insulation of pipes, water tank or cylinder
- loft insulation
- cavity wall insulation
- draught proofing of external doors or windows
- double glazing or other window replacement or secondary glazing
- rewiring or the provision of power and lighting or other electrical fittings (including smoke detectors)
- security measures, excluding burglar alarm systems

The right to compensation applies when one of these items is either installed or replaced. Also, if other work has to be
carried out along with the improvement (for example, plumbing when a wash-hand basin is being installed), the cost of this can be included in the claim for compensation. But remember: compensation can only be claimed for work for which the landlord has given written permission.

Your tenancy agreement tells you about your responsibilities for keeping your home in good repair. The right to compensation does not apply to work which you carry out to fulfil these responsibilities. You should refer to your tenancy agreement, which you signed when you moved into your home. You cannot claim compensation for improvements such as painting and decorating or minor DIY work which is not included in the list of qualifying work.

There are some costs which you cannot claim back. These are:

- your own labour;
- the cost of professional fees such as architects;
- the cost of obtaining planning permission;
- the cost of consent under the building regulations.

3. Before carrying out the work...

Who is eligible for compensation?

All secure tenants of district, islands, or regional councils, Scottish Homes, and new town development corporations are eligible to claim compensation under the right.

If tenants carry out home improvements while they are part of a joint tenancy, they are still eligible to claim compensation. However, landlords will assume that the tenants themselves have agreed on how to split the compensation between them. The landlord will pay the compensation to the tenant making the claim. If people who were part of a joint tenancy at the time the home improvements were made are no longer part of the joint tenancy, it will be up to the “missing” tenant to claim back their share of the compensation: the landlord is not responsible for this.

If a tenant dies, and a relative takes over the tenancy, they are eligible to claim compensation for improvements made by the original tenant.

If this was a succession to a tenancy, the claim can only be made at the end of the successor tenancy.
Information on the landlord’s planned improvements

Before embarking on costly home improvements, you should first of all try to find out if the landlord is planning to carry out similar work in your area. For example, you might install double glazing, only to find some months later that the landlord is installing double glazing in all of the houses in your street.

You should contact your landlord to find out about planned improvements. If you are a district council tenant, you can also ask to see a copy of the council’s housing plan. This will tell you about plans for the council’s housing, and may tell you about plans for your own specific area.

It may be that your area has been designated a Small Urban Renewal Initiative (SURI), or that your house is in an area set for renewal or other major work. Your landlord can tell you about this, and about what the plans are for your home, as well as how long this is likely to be. Then you can decide whether you think it is worthwhile going ahead with your own home improvements.

WARNING: BEFORE CARRYING OUT HOME IMPROVEMENTS, MAKE SURE YOU HAVE WRITTEN PERMISSION FROM YOUR LANDLORD. IF YOU DO NOT HAVE THIS, YOU MIGHT NOT BE ABLE TO CLAIM ANY COMPENSATION.

The right to compensation versus the discretionary scheme

Although you now have the right to claim compensation for improvements, landlords have, for several years, been able to compensate tenants for improvements, at their own discretion. Landlords will still be able to run their own scheme, alongside the right to compensation. In other words, there may be two schemes through which you can choose to claim compensation for improvements.

IF YOU MAKE A CLAIM UNDER THE DISCRETIONARY SCHEME, YOU CANNOT MAKE A CLAIM FOR THE SAME WORK UNDER THE RIGHT, AND VICE VERSA.

The procedure for carrying out home improvements under the landlord’s own scheme will be the same as under the right: you will need written permission from the landlord before carrying out the work. However, there may be some items of work not qualifying under the right, which do qualify under the landlord’s own scheme. It is worth checking if the landlord operates its own scheme, and if so, whether the item of work is included.

If it is, you will be able to compare the likely compensation for an item of work in each case.

Permission from the landlord

Before carrying out any home improvements, you should write to your landlord for permission, and wait for the landlord to write back. You should hear within one month. The
Landlords can set their own conditions before giving permission to carry out work. These conditions have to be "reasonable" ones. For example, for certain kinds of work, the landlord might grant permission on the condition that you use only certain materials, or a certain design, or that the work is carried out by a tradesman with particular qualifications and to certain standards of workmanship. These conditions would normally be to your own benefit: for example, they may protect you from installing the wrong kind of central heating system for your house, and they might help you to identify suitably qualified tradesmen.

**What needs to be agreed**

You must be clear about the exact work which you wish to carry out. For example, putting in double glazing. You should find out if the work is eligible for compensation, under the right or the landlord's own scheme; whether the landlord has placed any conditions on the work being carried out; and exactly what costs are, and are not, included in the compensation.

**Useful and necessary documentation**

At this stage, that is, before any work begins, you should have a copy of:

- your letter to the landlord seeking permission to carry out the work;
- the landlord's written permission;
- any other correspondence with the landlord about the intention to carry out home improvements;

For example, if you wish to install grills over windows as a security measure, this might be seen as a safety hazard, if the grills would prevent escape from the house during a fire. If this were the case, permission could be refused.
any quotations or estimates you have had from tradesmen.

YOU CAN ONLY CLAIM THE COMPENSATION AFTER YOUR TENANCY HAS ENDED, SO MAKE SURE YOU KEEP COPIES OF LETTERS, ETC. IN A SAFE PLACE: YOU MIGHT BE CLAIMING COMPENSATION A LONG TIME AFTER THE WORK WAS DONE.

4. Carrying out the work

First things

Once you have the written permission from your landlord to carry out specific home improvements, you will need to know exactly what it is you are going to have done. When you hire someone to carry out the work, they will only do what you ask them to do: if you ask them to do anything different, you could end up spending much more than you thought. You have to be aware that additional work will cost you more.

For some work you might need an expert opinion, such as a surveyor or architect. While their fees cannot be claimed back in the compensation, you should be very wary of going ahead with work if you are not completely sure about what the work will involve. For example, you may need to have a survey of your house before the cost of double glazing can be properly estimated.

The Office of Fair Trading has a booklet called “Home improvements”, which tells you what to look out for when you are having work done in your home. It is a good idea to read this before you hire a contractor. The booklet is available from your local citizen’s advice bureau.

Hiring a contractor

It pays to shop around for a reliable contractor to carry out your work. As well as comparing prices, you should also compare reputations and ability to carry out the work you want. Your landlord might have a list of reliable contractors in your area. In fact, there may be certain contractors who you cannot hire, as a condition of permission to carry out home improvements. For example, the landlord might only allow you to use a contractor who belongs to the appropriate trade association.

MAKE SURE YOU KNOW WHAT CONDITIONS ARE ATTACHED TO PERMISSION FROM THE LANDLORD.

IT IS A GOOD IDEA TO SPEAK TO YOUR LANDLORD FOR ADVICE BEFORE APPROACHING CONTRACTORS.

You can also contact the relevant trade association for a list of their members in your area. Trade associations are listed in the Yellow Pages under Associations – trade. You should never take on a contractor to do work if you do not have a written quotation or estimate for the job first.

You might be asked for a deposit before the work begins. Only pay this if you are satisfied that this is a reasonable
request. Make sure you get a receipt for your deposit. Be wary of paying large deposits, or paying the whole amount in advance. You should not pay for the work until it has been completed to your satisfaction.

**Your rights**

You should make sure you have a written contract before the work starts. The contract should outline the exact work to be done, the costs involved (that is, cost of labour as well as of materials), how long it will take to do the work, and your cancellation rights and guarantees. It is very important to know from the start who will be liable if anything goes wrong, and how you can make a complaint.

You may have the right to cancel the work after you have signed the contract. Check what your rights are before you sign.

**WARNING: DON'T SIGN ANYTHING UNTIL YOU HAVE READ AND UNDERSTOOD EVERYTHING.**

*Useful and necessary documentation*

- Written permission from your landlord, with details of conditions;
- an estimate or quotation from your contractor;
- a written contract which outlines the work, costs, and your rights;
- a receipt for any deposit you have paid;
- a receipt for the work, when it has finished.

Make sure you keep copies of all of these. In addition, it is a good idea to send copies to your landlord as soon as the work is finished. It may be some years before you claim the compensation, and it is easy to lose letters, etc.

**WARNING: YOU CAN ONLY CLAIM COMPENSATION AT THE END OF YOUR TENANCY. THIS MIGHT BE A LONG TIME AFTER YOU HAVE PAID FOR THE WORK.**

5. **The procedure for claiming compensation**

*At the end of a tenancy*

You can claim compensation when your tenancy ends. This will be when you are moving out of the house. Your tenancy is also treated as ending if your house is being transferred to a new landlord, such as a housing association.

**EVEN IF YOU ARE NOT MOVING OUT OF THE HOUSE, YOU CAN CLAIM COMPENSATION FOR IMPROVEMENTS IF THERE IS A CHANGE OF LANDLORD. THE CLAIM MUST BE MADE TO YOUR OLD LANDLORD, NOT THE NEW ONE.**

**Disqualification**

If you buy your house, either through the Right to Buy or Rent to Mortgage, you cannot claim compensation for improvements. Instead, the value of home improvements that you have made will not be included in the valuation of your house.
You cannot claim compensation for improvements if your landlord has taken out a court order for recovery of possession of your home. This also applies if the court order was to allow the landlord to carry out major work or demolition, and the landlord offers you alternative accommodation.

When a tenant dies, leaving no successor to the tenancy, no one can claim the compensation. However, if the deceased tenant has a will, the executors or beneficiaries can make a claim for compensation to the tenant’s estate. **You will need to seek legal advice on this matter.**

If you have claimed compensation under the landlord’s own scheme, you cannot make a claim under the right to compensation for improvements.

If you carried out your home improvements with the work beginning before 1 April 1994, you cannot claim compensation under the right. However, landlords might operate their own schemes, and you should ask about the possibility of claiming compensation that way instead.

**Time limits for claims**

You can make your claim for compensation from 28 days before the end of your tenancy, up to 21 days after your tenancy has ended. You cannot make a claim any earlier or later than this. It is a good idea to claim as soon as you can.

**Making a claim for compensation**

You must make your claim in writing, giving enough information for your landlord to work out how much compensation you are entitled to.

In your letter, you will need to tell your landlord:

- your name and address;
- details of each improvement you have made;
- the cost of each of these improvements;
- the dates on which each improvement was started and finished;
- details of any grants or other financial assistance you received for the work;
- details of any other compensation you have claimed for the item of work;
- the date on which your tenancy ends;
- where you would like the landlord to send your payment.

Your landlord might have a claims form which you can fill in instead of writing a letter. You should ask about this.

You should send in copies of receipts or invoices for the work, along with your letter or claims form. You might also find it useful to send in a copy of your landlord’s written permission to have the work carried out.

If you have lost the receipts or invoices, and cannot remember the dates when the work was carried out, the landlord will ask you to make an estimate. It is likely that your landlord will inspect the work, and will have an idea of how accurate your estimate is.

**The landlord’s reply**

You should expect a letter from your landlord either within 28 days of your tenancy ending, or within 28 days of your application.
Your landlord’s letter will tell you the amount of compensation you are entitled to, or it will tell you that your claim has not been accepted. In this letter, your landlord should show exactly how your compensation was worked out. You will be able to see if any adjustments were made, for example, due to wear and tear.

**IF YOU AGREE WITH THE AMOUNT WHICH YOUR LANDLORD OFFERS YOU, THEN YOU MUST WRITE AND ACCEPT THE OFFER. YOU WILL RECEIVE PAYMENT OF THAT AMOUNT WITHIN 28 DAYS OF YOUR LETTER OF ACCEPTANCE.**

**Disputes**

If you disagree with the landlord’s decision, you can make an appeal. You should do this by writing to your landlord within 28 days. There will then be a review of the landlord’s decision. This review has to be carried out by either:

- an independent valuer or surveyor;
- any members of the landlord (for example, councillors in the case of a district council) who were not involved in making you the original offer; or
- by a meeting of all the landlord’s members.

Another offer should be made to you within 28 days of making an appeal, which could offer a higher amount or uphold the earlier decision.

If you think the landlord has not followed the correct procedures in handling your claim for compensation, you can make a complaint to the Local Government Ombudsman, or seek judicial review through the courts. However, before matters become too complicated, you should try and resolve it with your landlord. Ask your landlord for details of the complaints procedure, including all the stages you can go through.

**Useful and necessary documentation**

When you make your claim for compensation, you should keep copies of:

- your letter making the claim, or claims form if you filled one in;
- receipts and invoices as proof of what you paid to have the work done;
- a copy of the contract you signed with the firm who carried out the work;
- a copy of the landlord’s letter making you an offer of compensation;
- a copy of your letter saying whether you accept the offer, or whether you wish to make an appeal;
- correspondence with anyone else about a disagreement over the amount of compensation you were offered;
- a copy of the letter making the landlord’s final offer, along with your written acceptance.

**6. Calculating the compensation**

**Grants**

Any grants which you received to help you carry out the work will be deducted from the amount on the receipt which you got for the work. This means that only the actual amount you had to pay will count as eligible for compensation.
"Notional life" and "discounting"

The amount of compensation will depend partly on how long ago the work was done. Each item of work included in the right to compensation has a "notional life", that is, the number of years you are expected to get use out of it.

The notional life for each of the work items is:

- bath or shower – 12 years
- wash-hand basin – 12 years
- toilet – 12 years
- kitchen sink – 10 years
- storage cupboards in bathroom or kitchen – 10 years
- work surfaces for food preparation – 10 years
- space or water heating – 12 years
- thermostatic radiator valves – 7 years
- insulation of pipes, water tank or cylinder – 10 years
- loft insulation – 20 years
- cavity wall insulation – 20 years
- draught proofing of external doors or windows – 8 years
- double glazing or other window replacement or secondary glazing – 20 years
- rewiring or the provision of power and lighting or other electrical fittings (including smoke detectors) – 15 years
- security measures, excluding burglar alarm systems – 10 years

The amount of compensation is discounted over the period of the notional life: in other words, the longer it is since you had the work done, the less compensation you will get back. If you claim compensation after the notional life has expired, you will not be eligible for compensation. For example, if you installed thermostatic radiator valves, you would be eligible for compensation if you claim within seven years of the work being finished. Any part of a year is rounded up. Therefore, if you make the claim three years and four months after carrying out the work, this will be rounded up to four years when the calculation is being worked out.

The compensation is calculated as the eligible cost (that is, the cost of the work minus any grants you got) multiplied by the percentage of notional life left.

For example, if you carry out work costing £800, and you received £300 in grants, then the eligible cost is £500. If your installation has a notional life of ten years, and you had it done two years ago, then the percentage of notional life left is worked out as two divided by ten, subtracted from one. This comes to 0.8.

The eligible cost of £500 is then multiplied by the percentage of notional life left (0.8), and this comes to £400. This would be the amount of compensation you would receive, in this example. However, the landlord may make some adjustments to the figure, and any debts you owe to the landlord can be deducted from the amount of compensation due.
If the compensation is calculated and comes to less than £50 for any one improvement, then the landlord does not have to pay it. If it comes to more than £3,000 for any one improvement, then the landlord does not have to pay the amount over £3,000.

**Landlord’s adjustments**

The landlord can make “reasonable” adjustments, either upwards or downwards, to the amount of compensation you are due, if:

- the cost of the improvement was excessive;
- the improvement was of a higher quality than it would have been if the landlord had done it;
- the improvement is in a noticeably better or worse condition than expected.

When the landlord tells you how much compensation you are entitled to, you should be told how the amount was calculated. This should outline how the calculation was made, and adjustments made by the landlord, and how the offer may have been affected by the £50 and £3,000 limits. You should make sure you have this information in the letter from your landlord, and check to see if you think it is correct.

**Debts owed by tenants**

If you owe any outstanding debts to your landlord, such as rent arrears or council tax arrears, your landlord can deduct this from your compensation.

You should check with your landlord if you owe any outstanding debts: it is easy to get into rent arrears without realising it. It is better to know in advance than be taken by surprise, and it may give you time to take the matter up with your landlord if you think a mistake has been made.

**Rent Increase**

Your landlord cannot increase your rent for improvements which you have made. However, once you have received compensation, the new tenant may be required to pay a higher rent.

This could affect you if you change your landlord or if you are involved in a mutual exchange with another person.
7. Useful addresses for further information

If you want to know more about the right to compensation for improvements, you should first of all contact your landlord.

You can get in touch with the Scottish Office Environment Department, Housing Division, Room 401, St Andrew’s House, Edinburgh EH1 3DE (telephone 031 244 2105 or 2023).

If you need advice about your rights, or about hiring contractors to carry out work in your home, you can contact your local Citizen’s Advice Bureau, or the Consumer and Trading Standards Department of your regional council. You will find their address and phone number in the phone book or Yellow Pages.

If you need advice about making an appeal, or otherwise challenging the decision made by your landlord, you could contact the Scottish Housing Law Service, 2nd Floor, 18 Walker Street, Edinburgh EH3 7LP (telephone 031 225 2343).

If you wish to make a complaint to the Local Government Ombudsman, you should write to 23 Walker Street, Edinburgh (telephone 031 225 5300).
8. Step by step guide to claiming compensation for improvements

Here are the steps you need to take to claim compensation for home improvements, along with examples of letters which you may have to write.

**Before carrying out any work**

1. Find out if your landlord is planning to carry out improvements to your home.

2. Write to your landlord for permission to carry out home improvements which will qualify for compensation under the right. For example:

   
   ![](image)

   **Dear Landlord**

   I would like to install a new kitchen sink, and I am writing to seek permission to carry out this work. I understand that installation of a kitchen sink qualifies for compensation under the right to compensation for improvements.

   Please write and confirm your permission to carry out this work, and confirm that it will qualify for the right to compensation at the end of my tenancy. Please outline any conditions you attach to permission, if applicable.

   Yours sincerely

   A Tenant

3. For work not eligible under the right, find out if the landlord has its own scheme, and if you could claim under this.
Carrying out home improvements

1. Make sure you have written permission from your landlord.

2. Consider getting expert advice, such as a surveyor or architect.

3. Read the leaflet “Home improvements” by the Office of Fair Trading.

4. Take time to shop around for contractors, and seek advice from your landlord.

5. Never hire a contractor without first getting a written quotation or estimate.

6. Be wary of paying anything in advance.

7. Make sure you get a receipt for all payments, including deposit.

8. Send copies of receipts to your landlord immediately, in case they get lost later. For example:

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A Tenant
10 Wood Way
The Town
8 February 1995

Dear Landlord

On 12 June 1994 I wrote to you seeking permission to install a new kitchen sink. You wrote back on 30 June granting permission for the work.

I now enclose a copy of the receipt for the amount paid for the work. This includes the cost of the contractor’s labour and materials. I would be grateful if you could retain this letter and receipt, as I intend to make a claim under the right to compensation for improvements, at the end of my tenancy.

Yours sincerely

A Tenant
Claiming compensation for improvements

Check if you have any rent arrears, or other debts you might owe to the landlord.

Write to the landlord either up to 28 days before your tenancy ends, or up to 21 days after your tenancy ends; or fill in the landlord’s application form if there is one. For example:

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A Tenant
10 Wood Way
The Town
15 October 1998
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Dear Landlord

My tenancy will be coming to an end on 28 October 1998, and I am writing to put in a claim under the right to compensation for improvements, for the work which I carried out.

I installed a new kitchen sink, which cost £300. The work was carried out between 15 January and 25 January 1995. I received no grants or other financial assistance for this work. I enclose a copy of your letter granting permission to carry out the work, as well as receipts (copies of which I sent you on 8 February 1995).

Could you please send payment of compensation due, to my new address at 52 Walkers Way, The Village.

Yours sincerely

A Tenant
3. Write to the landlord, accepting the offer of compensation.

OR

4. Write to your landlord saying you wish to appeal against the offer of compensation. For example:

Dear Landlord

After reading your letter making me an offer of £120 under the right to compensation for improvements, I would like to appeal against the amount you have offered. I feel that there was too much of a deduction made for wear and tear. I understand that there should be a review of the decision, and that a new offer of compensation will be made to me within 28 days.

Yours sincerely

A Tenant