



Department for Levelling Up, Housing & Communities

Pre-Tender Market Engagement

Private Rented Sector Landlord Ombudsman

Q&A from PTME engagement sessions and written feedback to date.

This document is a summary of the questions and answers that were submitted as part of the Pre-Tender Market Engagement, both via email to date and from the three engagement sessions that were held on 7 March, 9 March and 13 March 2023.

Q: Can you describe the landscape in which the Ombudsman is being set up in, and the purpose of the Ombudsman?

A: The Ombudsman was committed to as part of a broader package of reforms, including measures such as the introduction of a Decent Homes Standard for the PRS, Section 21, and the introduction of a property portal. The Ombudsman will be an alternative means for a tenant to access justice and to address gaps that exist in access to redress for the PRS.

Further information can be found in the Government's White Paper:

<https://www.gov.uk/government/publications/a-fairer-private-rented-sector>

Q: What type of complaints would the Ombudsman deal with?

A: The Ombudsman will deal with complaints from private tenants about their landlords that are usually not immediately dangerous and do not require escalation to another enforcement body.

Q: Will the PRS Ombudsman be mandatory for Landlords?

A: Landlords will be required to sign up to the PRS Landlord Ombudsman. It will be mandatory and a fee will be charged for sign up. Landlords who do not sign up may be subject to enforcement action.

Q: Can the department share the criteria against which the assessment of bids will be made?

A: We are still considering the appropriate route to introduce a PRS Landlord Ombudsman. Responses to this engagement exercise will help to inform the route and we will develop suitable criteria accordingly, this would be set out in any procurement specification if a procurement takes place.

Q: What would be the terms of the contract, if there is a commercial process? The length of the contract term is critical to determining setup costs and how to recoup them.

A: We are working through the options on this and will note that the contract length could be a potential dependency for fees if we decide to go down a commercial route.

Q: Will you be making available to suppliers important data such as volume of contact, complexity of claims and cost in the procurement exercise?

A: We will provide information to potential suppliers to ensure that the scale of this is understood, if we decide to go down a commercial route.

Q: Will setting up the Ombudsman be done via a tender process, or will there be a more collaborative approach?

A: We are considering all options and we are seeking ideas from the sector and stakeholders on how the PRS Landlord Ombudsman could be introduced and delivered.

Q: How would the Ombudsman be subject to governance? What should its interaction be with government?

A: All Ombudsmen are independent and impartial. However, given the novelty and scale of this intervention, government will retain a governance function to ensure the Ombudsman is delivering a good quality service and collect enough data to ensure effectiveness and to monitor the impact of the Ombudsman on the PRS. We welcome views on what the governance approach could look like.

Q: Are we asking the sector to come up with ideas on how to deliver a single Ombudsman?

A: We aim to use this exercise to understand sector capability and what would work in practice. Whilst our intention is to set up a single Ombudsman for all private landlords, we want to understand capacity risks and ensure any legislation is future-proof.

Q: Have you conducted any user research to determine if tenants will actually use the Ombudsman service?

A: We have engaged and consulted with tenant groups on this as part of our engagement on the wider renters' reform programme and we are seeking to do further engagement. We are also considering the impact on the most vulnerable tenants and how we can improve accessibility for them.

Q: Have you given any thoughts to the fee structure for the Ombudsman, or have you explored alternative funding structures?

A: We are expecting the Ombudsman to be funded through landlord fees, but we welcome feedback on models for funding. We are aiming for the Ombudsman to be self-sufficient and free to use for tenants, in line with existing practise in the sector.

Q: Should the Ombudsman be allowed to make a profit, or should it be not for profit only?

A: We have had some views from the sector that the Ombudsman should be not for profit, and that any excess surplus should be invested back into the Ombudsman to improve services. However, we will consider any option that provides value for money and good service. We would welcome views from the market on this.

Q: When will the PRS Landlord Ombudsman be launched? What are the timescales?

A: We are seeking to introduce the PRS Landlord Ombudsman as soon as possible following royal assent of the legislation which will be introduced in this parliament. Timescales for introduction will be informed by this exercise and we recognise the need to balance the design of the Ombudsman, sector capability and interaction with other measures such as the Privately Rented Property Portal. Recruitment. Training will also be factored in and we know this will take time, so we will look to consult with stakeholders and use their

expertise. Responses detailing the likely timescales on recruitment and training would be particularly welcome.

Q: Does landlord redress have cross party support? What happens if there is a new administration?

A: Yes, it does. It is well evidenced on Hansard and from parliamentary debates, such as that on the publication of the PRS White Paper in June 2022, that MPs from all parties' welcome reforms on redress. However, we cannot speculate on the policies or position of any future government or administration.

Q: Will the Ombudsman introduce a code of practice? What about triaging complaints with a narrower code?

A: A code of practice is something that we may do, dependent on consultation with the sector and with the Ombudsman. The point made about triaging complaints by not drafting the code of practice too broadly is helpful, we will consider and provide some detail about the parameters of the service in the specification. This will also be informed by this engagement exercise.

Q: Will deposit and agent redress be excluded from the legislation, or will the legislation allow the Ombudsman to take these on at a later date?

A: The legislation we are drafting explicitly excludes deposits and agent redress from the remit of the new Ombudsman. We are not seeking to interfere with the existing schemes in that sector.

Q: Will tenant complaints be dealt with by the Ombudsman if they are retrospective?

A: We do not intend for the Ombudsman to take on historic complaints. However, if the problem is ongoing at the time the Ombudsman is set up and the tenant is still living in the property, we expect the Ombudsman should be able to accept the complaint.

Q: How/ what sort of technology will the Ombudsman use to help it with analytics, insights, data handling etc?

A: This is still being explored with data and technical experts and we would appreciate insights from the sector on this topic. We are interested in high quality collection of data, appropriate data sharing and innovation.

Q: Do you have any sense of the number of complaints that the Ombudsman would receive?

A: Publicly available data such as the English Housing Survey and Housing Ombudsman Service complaints data provide a snapshot of latent demand for private tenant redress, and a useful comparator with how many complaints are received by the Housing Ombudsman in the social rented sector. We are expecting there will be a significant volume of complaints in the early days of the landlord ombudsman. Further work needs to be conducted to refine the estimates. The English Housing Survey can be found here:

<https://www.gov.uk/government/collections/english-housing-survey>

Q: Are you able to share your complaints modelling data?

A: Unfortunately, we are not currently able to share complaints modelling data. However, there may be a point in the future where we are able to do this. We continue to refine this and welcome suggestions on effective modelling of complaints.

Q: You are adding another Ombudsman into a crowded market, which has the potential to cause confusion. Is there an opportunity for a single front door for redress to avoid confusion?

A: The PRS Landlord Ombudsman is addressing a fundamental gap in the market. We have considered issues such as clarity for tenants, so we have set out in the objectives the expectation to streamline the approach for users including utilising better communications and triaging complaints. We are currently not pursuing a single front door however we are keeping the option open in the future.

Q: How will you ensure that the cost of a PRS Ombudsman will be fair to all those involved?

A: We will consider value for money and the affordability of the cost as part of the due diligence work we are doing as a department.

Q: Will the PRS Ombudsman have a similar role to play to landlord licensing in Wales?

A: The PRS Landlord Ombudsman will not be involved in landlord licensing. However, as part of the broader reform package, we are planning to introduce a property portal, which will register all landlords in England.

Q: What happened to the housing complaints portal idea? Is it still going ahead?

A: We are open to suggestions from the market and we are leaving open the possibility of a housing complaints portal in the future.

Q: Would litigation and legal services be separate from the Ombudsman?

A: The Ombudsman will not litigate on behalf of a tenant or prosecute a landlord. Tenants will be free to take their complaint to court if they prefer, as an alternative to using the Ombudsman service.

Q: Would tenants still have to seek recourse from the courts if there are complex cases, or if the compensation is over £25,000?

A: Yes. But in all likelihood, these occasions would be rare. We are considering the implications for how this would work for the courts.

Q: If there is a complex case or a case where the compensation award is potentially over £25,000, what would be the process?

A: We are working through the details of how the Ombudsman would deal with this and would value additional feedback on the process. The process may involve the Ombudsman asking the tenant to go directly to court if the compensation figure could potentially be as high as that, but it would depend on the tenant and the individual case. However, this is subject to further work.

Q: Is the £25,000 compensation level too high?

A: The £25,000 compensation cap is an absolute maximum cap. We should reiterate that we expect that the vast majority of awards by the Ombudsman will be below this.

Q: What if the Ombudsman gets a case that is inappropriate/more appropriate to be dealt with by courts/local authorities?

A: We anticipate that the Ombudsman will receive a wide variety of cases, some which will be appropriate for the Ombudsman, and some which would be more appropriate for the courts and local authorities. In this situation we would expect the Ombudsman to signpost tenants to the right place for their complaints to be dealt with.

Q: Landlords may feel that evidencing damages is an onerous process.

A: The expectation is that the Ombudsman would be thorough enough to conduct an investigation and require the parties to submit evidence. We understand the points made about landlords who are doing the right thing struggling to navigate the process. We will take this into consideration.

Q: Are you planning to align the Ombudsman with Privately Rented Property Portal (PRPP)?

A: As part of the plans to introduce a property portal in England, we are considering how the PRS Landlord Ombudsman and PRPP might interact, and we are mindful to avoid placing undue burdens on specific groups in the PRS.

Q: If you are aligning the sign-up process with Privately Rented Property Portal (PRPP), would you also need to take tenants' details, as the portal only takes landlord details?

A: Tenants will not need to become members of the scheme unlike landlords. Tenants will not need to provide their details to the PRS Landlord Ombudsman unless they complain. We want to facilitate information sharing and ensure that this is as simple for tenants as possible.