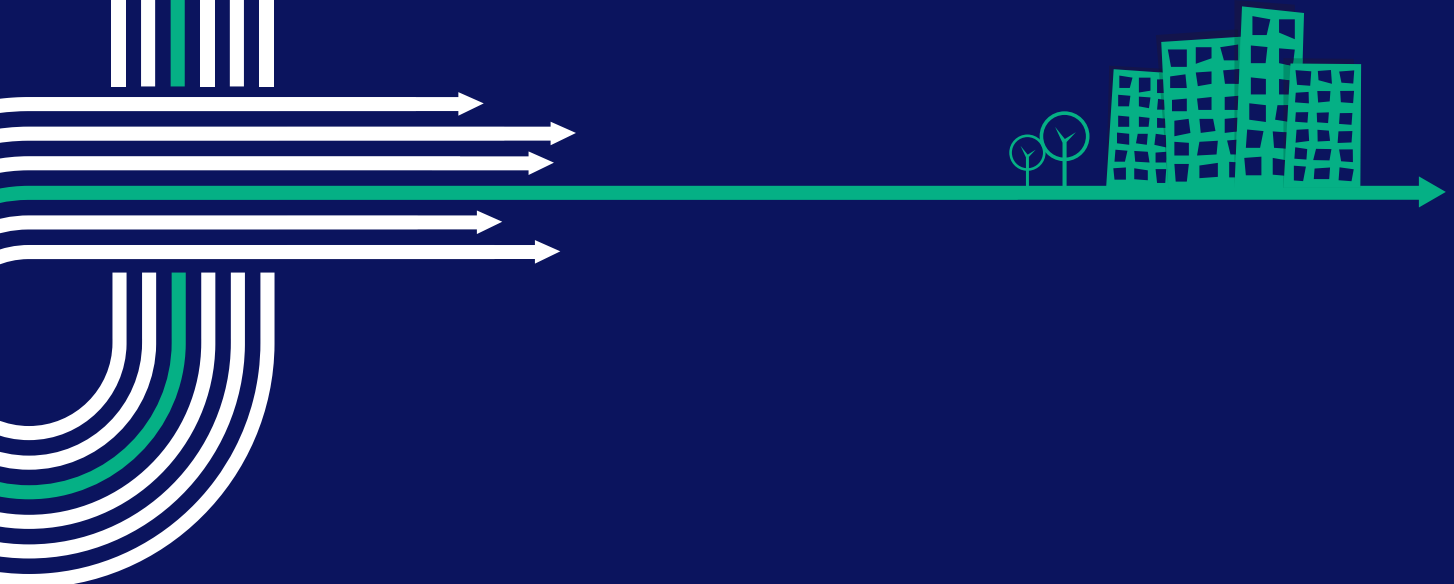




The
**Dispute
Service**

annual review

2013/14



Foreword

from the Chair and Chief Executive

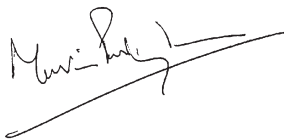
It has been another outstanding year for The Dispute Service.

The 2013-14 Annual Review represents something of a landmark for the company as for the first time since we were formed in 2003 we are able to report to you on a full year's activity across the entire United Kingdom.

And we can say with confidence that we are now well established as the UK's leading force in tenancy deposit protection. During this period TDS Northern Ireland and our partners in SafeDeposits Scotland have completed their first full year in operation holding well over half of their respective market shares. The Tenancy Deposit Scheme also leads the insurance backed market in England and Wales. Our not for profit model means that the schemes we operate are free to focus on the needs of our stakeholders not shareholders. In the pages which follow you will gain an insight into our on-going work to meet six strategic objectives, which stem from our commitment to outstanding customer service and cost efficiency.

Some of this year's developments include the launch of the online evidence portal which has simplified and made more efficient the dispute resolution process, and final preparations are now being made for automated prescribed information ready to download and sign. Our pilot scheme offering mediation as a means of reaching mutual agreement in a dispute before formal adjudication has shown positive results and we look forward to extending this service in the coming year. These innovative ideas have all been developed using feedback and consultation from our customers. The Member User Forum, e-Consultation Network and survey programme have played a significant role in influencing this progress. We would like to thank those who have taken part in our customer consultations for their invaluable contribution.

Whilst this review is largely retrospective, we hope it will also give you a flavour of our plans for the year ahead. Most notably, we are looking forward to the launch of the TDS Charitable Foundation which will offer funding to educational projects for tenants and landlords with the aim of improving standards in private sector housing management. We look forward to updating you on the various projects next year.



Martin Partington CBE QC
Chair, The Dispute Service



Steve Harriott
Chief Executive



Meet the team



Steve Harriott

Group Chief Executive Officer

As CEO of The Dispute Service, Steve is responsible for ensuring we meet our responsibilities in the agreements we hold with government. Since taking on his role in 2010 Steve has led the company into becoming the UK market leader in deposit protection, now delivering award winning standards of service.

With many years' experience in the housing sector, Steve has held the role of Chief Executive at three housing associations and worked as a lecturer and management consultant.



Nick Hankey

Deputy Chief Executive (Resources)

Nick is responsible for maintaining the long term financial security of The Dispute Service. Keeping the company cost effective and efficient is his top priority, allowing us to pass on our savings to our members.

Nick is a qualified accountant and has been working in finance for over 25 years.



Michael Morgan

Director of Dispute Resolution

Michael heads our dispute resolution team and is leading on a number of projects to improve and innovate the Alternative Dispute Resolution services we offer.

Before coming to The Dispute Service Michael was Chief Conciliation Officer at The Furniture Industry Research Association.



Ben Beadle, Director of Customer Relations

Managing Director of TDS Northern Ireland

Ben has been instrumental in delivering award winning standards of customer service since 2010. He also heads up our Northern Ireland operation.

With many years' experience in lettings, property management and within the TDS dispute resolution team, there are few who can rival his knowledge of what customers need from tenancy deposit protection schemes.



Alison MacDougall

Deputy Director of Dispute Resolution

The Dispute Service resolves over 10,000 disputes every year and this operation is managed by Alison MacDougall.

An experienced adjudicator, she has held senior positions at the Police Complaints Authority and the Office of the Independent Adjudicator for Higher Education.



Josanne Leon

Head of Human Resources

With an increasing number of schemes, The Dispute Service needs outstanding staff to provide a first class customer experience.

Josanne is responsible for looking after our people and has been instrumental in leading our Customer Service Excellence award and is now working towards Investors in People.

The Dispute Service's Mission statement

Our mission is to:

- Provide a high quality, customer focused tenancy deposit protection service for tenants, agents and landlords in the UK;
- Ensure that we provide independent and fair adjudication and dispute resolution services in relation to tenancy deposit disputes and other disputes where the expertise of the company can be utilised;
- Be seen as the leading authority on tenancy deposit protection.



The Dispute Service Board as at 31 March 2014

Independent Martin Partington (Chairman)

Independent Mark Allan, Managing Director, Personal Intermediated at RSA

Independent Jodi Berg

Representative of the National Federation of Property Professionals (Ian Potter)¹

Representative of the Royal Institution of Chartered Surveyors (Paul McCormack)

Representative of the Residential Landlords Association (Alan Ward)

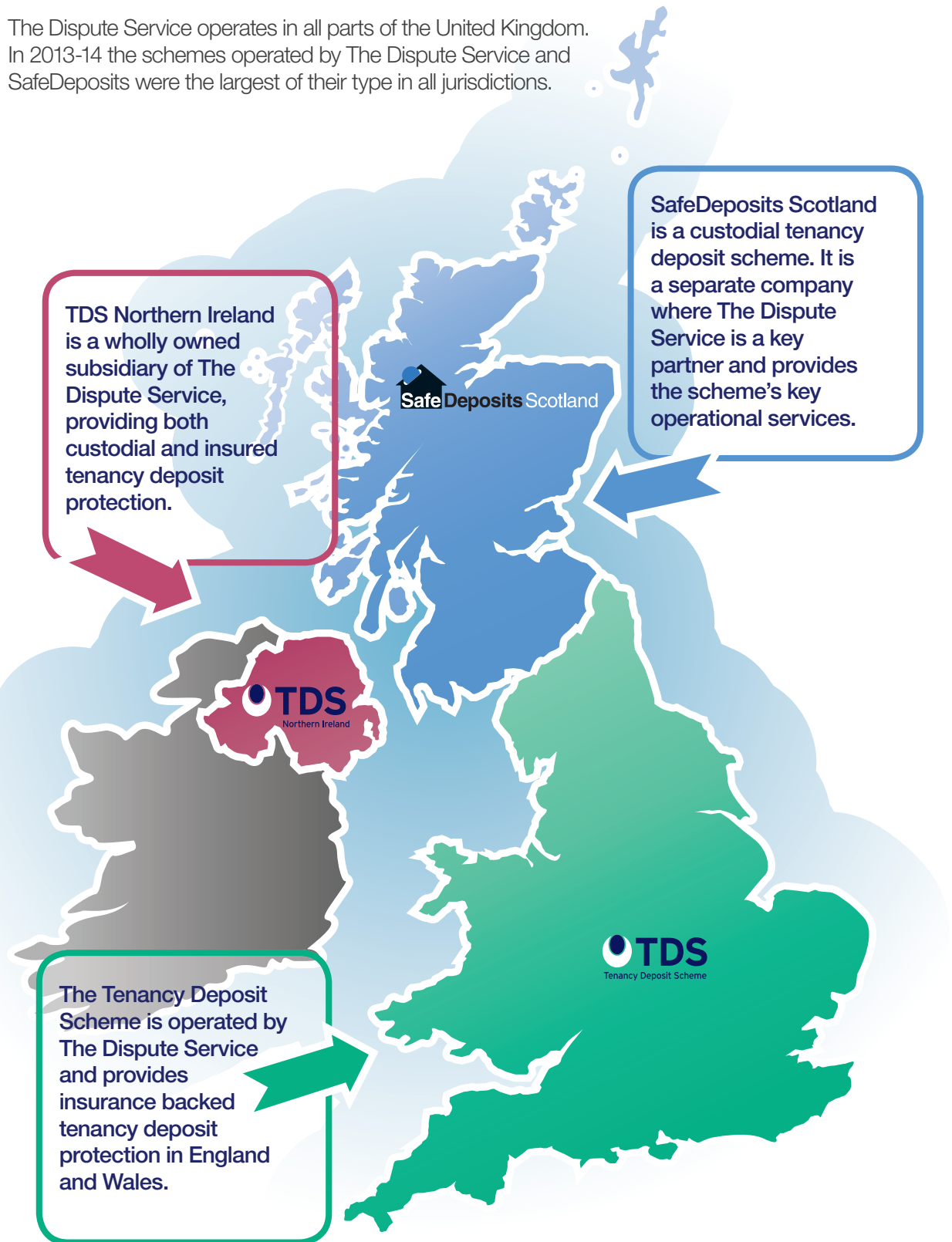
Chief Executive Steve Harriott (Executive director)

Deputy Chief Executive Nick Hankey (Executive director)

¹ Replaced by Mark Hayward in June 2014

Where we operate

The Dispute Service operates in all parts of the United Kingdom. In 2013-14 the schemes operated by The Dispute Service and SafeDeposits were the largest of their type in all jurisdictions.



The legislation

Scotland

The Housing (Scotland) Act 2006 and Tenancy Deposit Schemes (Scotland) Regulations 2011

Came into effect: 2 July 2012

Requirements: Deposits must be paid into a custodial scheme and prescribed information served within thirty working days of receiving it. The law applies to most types of tenancy and to both existing and newly created tenancies. By 15 May 2013 all deposits in Scotland had to be protected.

Penalties: Payment of up to three times the value of the deposit to the tenant.

England and Wales

The Housing Act 2004 (as amended)

Came into effect: 6 April 2007

Requirements: Deposits on assured shorthold tenancies must be protected and prescribed information served within thirty days of receiving the deposit.

Both custodial and insurance backed schemes operate.

Penalties for non-compliance: The landlord will be ordered to return the deposit in full, pay compensation to the tenant of between one and three times the value of the deposit, and is no longer able to use a section 21 notice to evict the tenant.

Northern Ireland

The Tenancy Deposit Schemes Regulations (Northern Ireland) 2012

Came into effect: 1 April 2013

Requirements: Deposits received on or after 1 April 2013 for a private tenancy must be protected with either a custodial or insurance backed scheme within fourteen days of receiving the deposit. The tenants must be issued with prescribed information within twenty eight days.

Penalties: A fixed penalty of three times the deposit paid to the district council can be issued. Failure to pay this could mean a criminal conviction and fine of up to £20,000 in court.

Unlike England, Wales and Scotland, enforcement is the responsibility of local authorities.



Delivering Customer Service Excellence

Central to The Dispute Service mission is ensuring the delivery of outstanding customer service.

Feedback indicates we are meeting the high standards which we set ourselves; over 90% of letting agents rated our service as 'Excellent' or 'Good' in February 2014.

However we were particularly delighted that following The Dispute Service's re-assessment for Customer Service Excellence® accreditation, we passed in all areas and were 'compliant plus' in three. This coveted accreditation follows a rigorous 59 point assessment by an independent examiner against the Customer Service Excellence® Standard.



In addition to this award, TDS was shortlisted for best supplier at The Negotiator Awards and 'best supplier' and best not for profit firm at the Landlord and Letting Awards 2013.

In its first year of operation, TDS Northern Ireland was recognised for outstanding customer service, coming runner up at the CIH NI awards in Belfast.

In all of the awards won, member feedback has been essential, and we are grateful to those customers who have answered surveys, offered suggestions for improvement through the e-consultation network and meetings of the Member User Forum.

During the last year, we asked 965 callers to our contact centre about their experience. The table below details the results from agents, landlords and tenants.

On a scale of 1 to 5, five being the highest, please rate the level of service you receive today			
Rating	Agent	Tenant	Landlord
Average Score	4.76	4.74	4.70

“Over the last 3 years The Dispute Service has shown a tremendous appetite for working on customer feedback in order to improve their services. A major part of this process has involved their use of the Customer Service Excellence Standard to identify and drive through these improvements. They have shown a tremendous thirst for development points, addressing these with vigour and enthusiasm. They are deservedly now showing the fruits of their success and their accreditation under Customer Service Excellence is a worthy reward and testimony to their current high levels of service delivery.”

Neil Potentier
CSE Assessor



The TDS Northern Ireland team at the CIH Northern Ireland Housing Awards 2014.

Left to right: Eamonn Hunt Operations Manager, Sean Timoney, Membership Executive, Steve Harriott, The Dispute Service Chief Executive, Ben Beadle, Managing Director TDSNI

Member Forums

TDS Member User Forum

The Member User Forum for England and Wales meets three times a year to offer feedback on the scheme and discuss industry matters affecting our customers. These meetings are invaluable to ensure we deliver a scheme that meets the needs of our customers and we wish to place on record our thanks to the Forum delegates for their commitment and contribution.

Forum members as at 31 March 2014

Carole Charge
Leaders

Liz McCallum
Get Living London

Jon Clark
Touchstone CPS

James Scott-Lee
Chancellors Group

Chris Day
Sequence

Theresa Wallace
Savills UK

Alan Ward
The RLA

Sue Hughes Thomas
Home Management Co.

Liz Biddle
Phillip James Partnership

AC Forscutt
Northwood



The Member User Forum is a unique opportunity to consult with TDS on any issue, from the practicalities of using the service to prominent issues affecting the whole industry, most notably this year the Superstrike judgment. It typifies the open, transparent, and customer focused approach which makes TDS an outstanding service for members.

Sue Hughes-Thomas
The Home Management Co

TDS Northern Ireland Advisory Group

Similar to the Forum in England and Wales, The Advisory Group comprises representatives from the Northern Ireland private rented sector. The Advisory Group has been instrumental in the success TDS Northern Ireland has had in capturing 75% of deposits registered.

Advisory Group Members as at 31 March 2014

Prof. Paddy Gray
University of Ulster

Sonia Millar
CSM Rentals and NAEA

Dr Patrice Cairns
RICS

Declan Boyle
LANI

Ian Williamson
NUS USI

Marnette Lyons
Independent

Nuala O'Neill
Independent

The advisory group has been an excellent forum to shape a scheme that is workable for agents, landlords and tenants. TDSNI worked hard in advance of the regulations coming in, to get across to landlords and letting agents the need to up their game in terms of documentation and inventories and many now see how important these essential documents are. We have found TDSNI to be helpful, engaging and willing to take on board suggestions to make agent's lives easier too.

Sonia Millar
CSM Estate Agents



Customer Contact



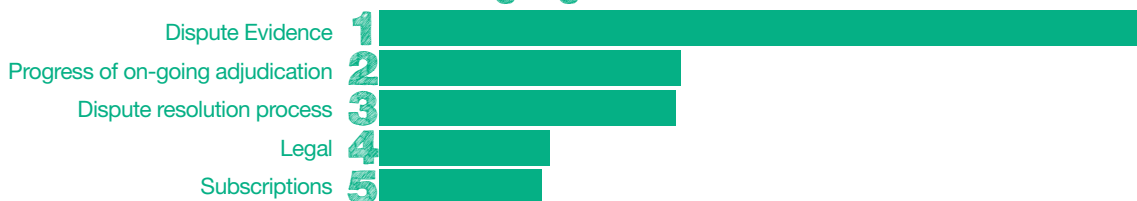
The Dispute Service operates the customer contact centre for the Tenancy Deposit Scheme and TDS Northern Ireland. 2013 saw the launch of 'Live Chat' for TDS customers. This has proved extremely popular and will be extended to the TDS Northern Ireland service in 2014.

Tenancy Deposit Scheme

In 2013-14, the customer contact centre handled **83,131 telephone calls and 35,487 emails**.

Analysing the reasons for this contact is another essential insight for us into the needs of our customers and how we must respond to those needs. The charts below show the nature of contact received from agents and tenants in the past year. **The top 5 reasons for contacting TDS are shown in the charts below.**

Letting Agents



Tenants



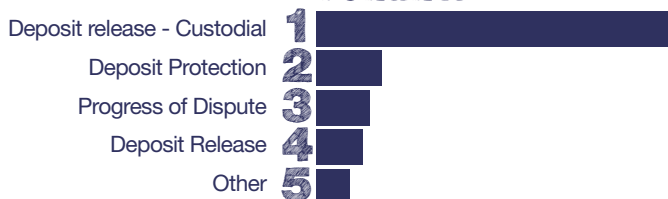
TDS Northern Ireland

In 2013-14, the customer contact centre handled **3,202 telephone calls** in relation to TDS Northern Ireland. **The top 5 reasons for contacting the scheme are shown in the charts below.**

Letting Agents



Tenants



Call answering performance



The average speed of answer was 23 seconds which was well inside our government target of 60 seconds*.

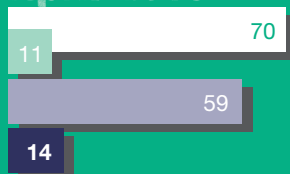
Recent statistics published by the Department for Communities and Local Government show that TDS has consistently low response times when compared to other schemes in England and Wales.

Initial response to helpline calls (in seconds):

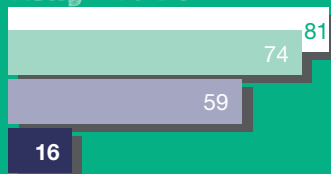
Deposit Protection Service

Custodial and Insured ■ My Deposits ■ Tenancy Deposit Scheme ■

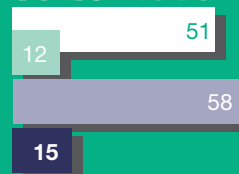
April 2013



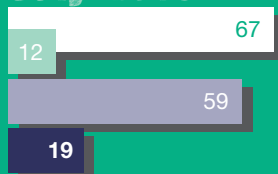
May 2013



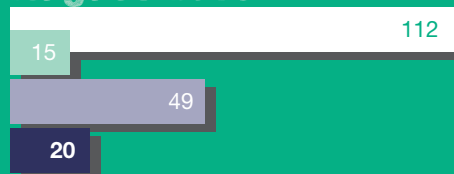
June 2013



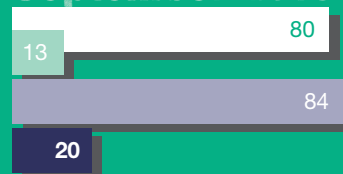
July 2013



August 2013



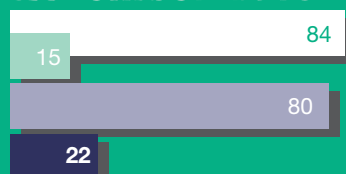
September 2013



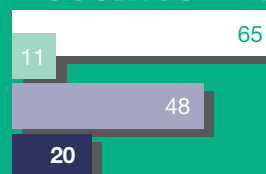
October 2013



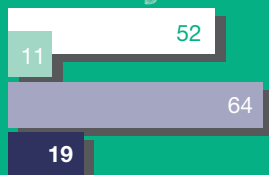
November 2013



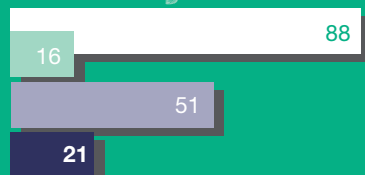
December 2013



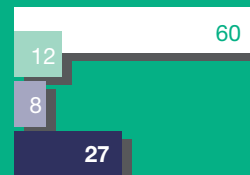
January 2014



February 2014



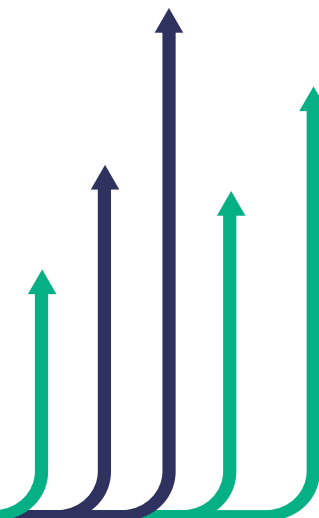
March 2014



* The call answering KPI was extended by DCLG to 90 seconds, for the period October 2013 to March 2014

Raising the standard

The Dispute Service is committed to improving standards in the lettings industry. Once again in 2013-14 we embarked upon a programme of training and raising awareness of the law and of best practice for landlords, letting agents, and tenants across all jurisdictions.



Training

The TDS Academy remains our flagship training programme in England and Wales. The four part programme is the most in depth course in deposit protection and dispute resolution available to letting agents and will continue into 2014-15. It is as popular as ever, and we are delighted to announce that Academy will be launched in Northern Ireland in 2014/2015.

In Scotland, SafeDeposits held twenty four free adjudication workshops this year led by senior adjudicators from The Dispute Service and staff from SafeDeposits. They have visited nine towns and cities in 2013-14 and will continue in the coming year. These workshops, unlike other deposit protection training courses, focus on real life case studies, giving members a genuine insight into what to expect from deposit disputes, how to approach them, and how adjudicators will make their decision.

Working with the industry

Beyond our own training program we continue to engage with the industry at events to raise awareness and promote best practice with organisations who share our commitment. In 2013-14 the Tenancy Deposit Scheme attended nearly fifty such events.

TDS staff speak regularly at ARLA and NAEA regional meetings; we have worked with the Residential Landlords Association to host seminars for their members; we were honoured to be invited by the NUS to open proceedings at the launch of their Homes Fit for Study report, and we have been invited by several universities to speak to students renting for the first time. As housing associations continue to expand into the private sector we also joined the National Housing Federation and were delighted to speak at their Social Housing Exhibition this year.

In Northern Ireland we have been at the forefront of activity, being invited to speak for the Chartered Institute of Housing NI, the NUS-USI Annual Conference, delivering training for the Housing Rights Service, and at several meetings of the Landlord Association Northern Ireland.



Ben Beadle addressing a packed LANI meeting in Belfast on TDP.

But perhaps the most definitive step forward this year in our work to raise standards has been the launch of the **TDS Charitable Foundation**, funding educational projects for tenants and landlords. You can read more about the Foundation later in this report.



Publications and resources

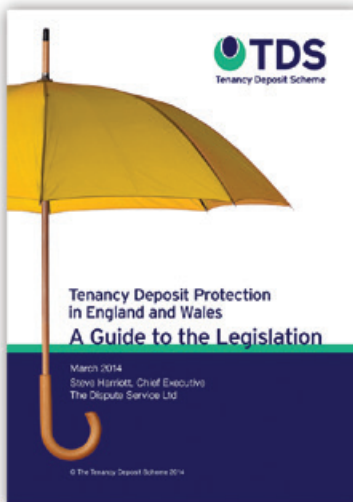
Our publications continue to be the leading source of information on tenancy deposit protection.

Our regular statistical reports are used for academic and industry research, and the two latest in depth guides to deposit protection law are used by both property and legal professionals. Outreach to tenants has continued, with translations of information leaflets being produced for the benefit of our increasingly diverse tenant population. Our short sharp YouTube information videos for tenants have now received over five thousand views.

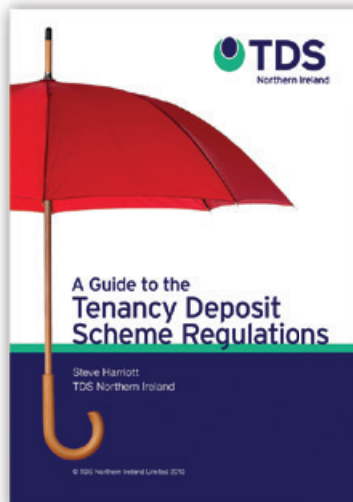
Finally, three years on the Adjudication Digest remains a signature piece of our monthly communications, providing a real life case study of a tenancy deposit dispute to explain how and why adjudicators make the decisions they do.



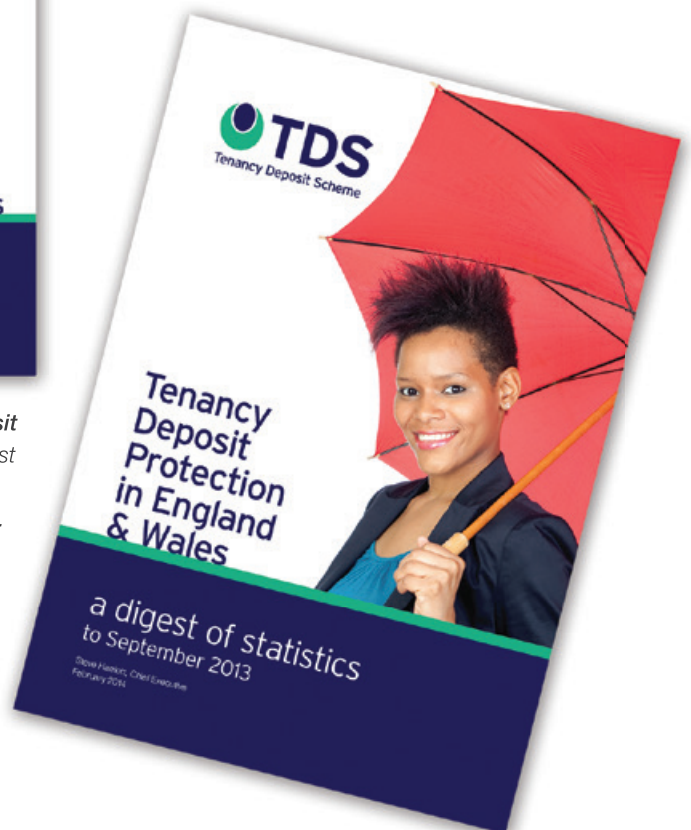
This year we have continued to expand our tenant outreach, with information leaflets translated into six languages.



Tenancy Deposit Protection in England and Wales: A Guide to the Legislation was written for landlords, letting agents, and tenants alike. It is an overview of the law in England and Wales and includes summaries of the most important court cases.



A Guide to the Tenancy Deposit Scheme Regulations is the most comprehensive legal guide to the new laws in Northern Ireland.



Tenancy Deposit Protection in England & Wales: a digest of statistics follows on from our *Evaluation of the legislation, five years on*, published in 2011. This new report analyses the performance of all three tenancy deposit protection schemes using data from the Department for Communities and Local Government, the English Housing Survey, and the Tenancy Deposit Scheme.



Tenancy Deposit Scheme Key Facts



The Government's statistics confirm that in 2013 the Tenancy Deposit Scheme once again became the leading TDP provider. It is great news that these figures will now be published regularly. More transparency can only be a good thing for the tenants, landlords, and letting agents who use the schemes.

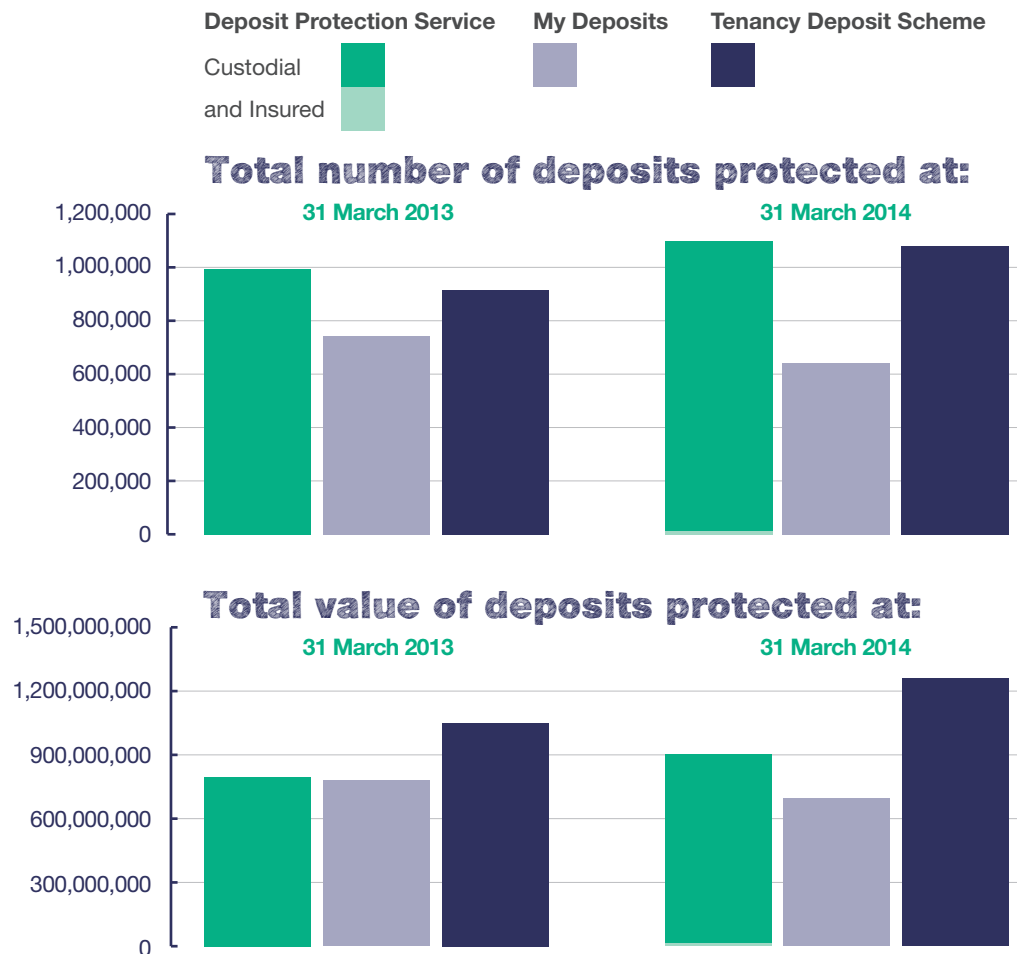
Steve Harriott, CEO

Membership

TDS has almost **2,600 lettings agent members**, most of which are regulated by ARLA, NAEA, RICS, NALS, UKALA or the Law Society. This is an increase on last year and the scheme continues to grow, with many agents preferring to hold the deposit themselves because of the administration and time savings it brings.

Deposits protected

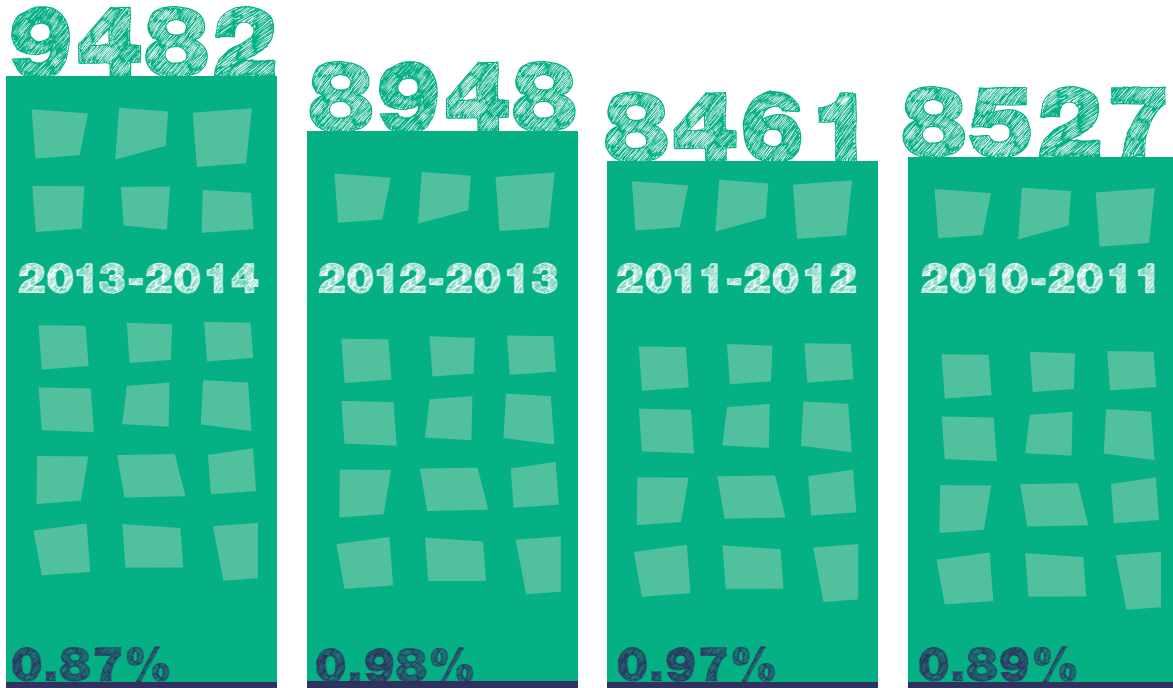
In terms of deposits protected the scheme currently insures **deposits worth in excess £1,000,000,000**. Figures released by the Government show deposits protected by all three schemes in England and Wales at the end of March 2014. This confirms that TDS is the largest of all three insurance backed schemes.



Disputes

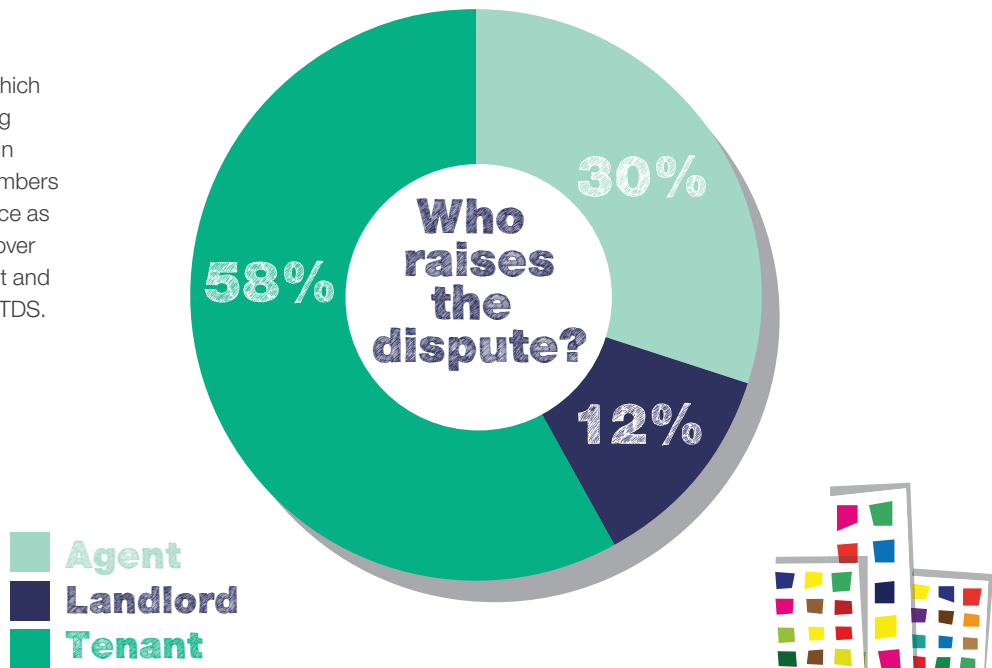
The graph below shows the number of disputes adjudicated during the year.

Total disputes adjudicated



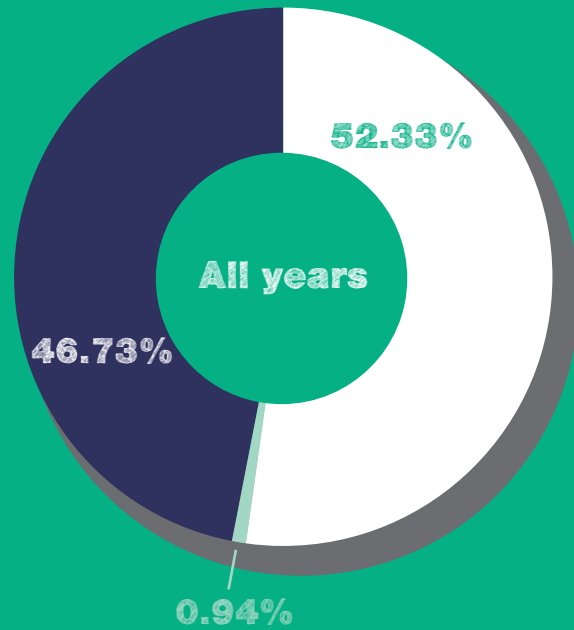
Disputes as % of deposits protected

TDS is the only scheme which allows landlords and letting agents to raise a dispute, in addition to the tenant. Members very much value this service as a way of having certainty over the deposit apportionment and this is a service unique to TDS.



Who gets what?

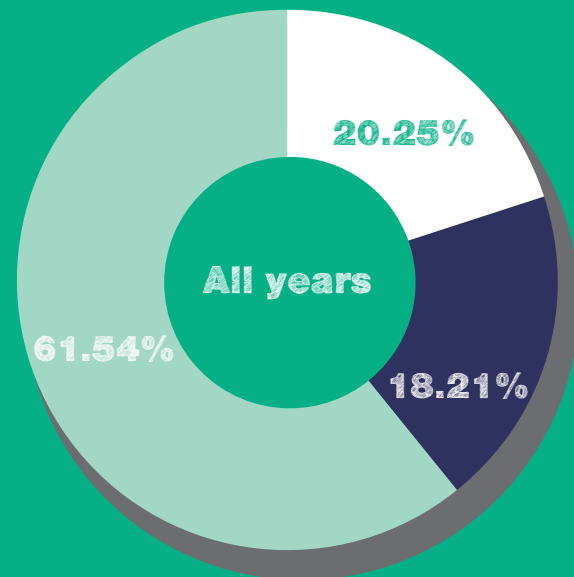
As in previous years our figures show a broadly equal amount awarded to tenants and landlords. Significantly, the majority of cases result in the deposit being shared between the parties; a clear illustration that adjudicators do not seek to decide in favour of one side or the other but to allocate the deposit fairly based on the evidence provided.



Allocation of disputed deposits between the parties



Since the launch of the scheme there has been a small reduction in cases where tenants have received 100% of the award. This is in part a reflection of TDS members' improved understanding of how they must justify their deductions with documentary evidence.



The % of disputes where an award is made in whole to the tenant, landlord/agent or shared between the parties



What are disputes about?

Since 2007 TDS has been collecting data on the reasons behind tenancy deposit disputes referred to us for an impartial resolution. The table below shows the most common causes of dispute over the past four years.

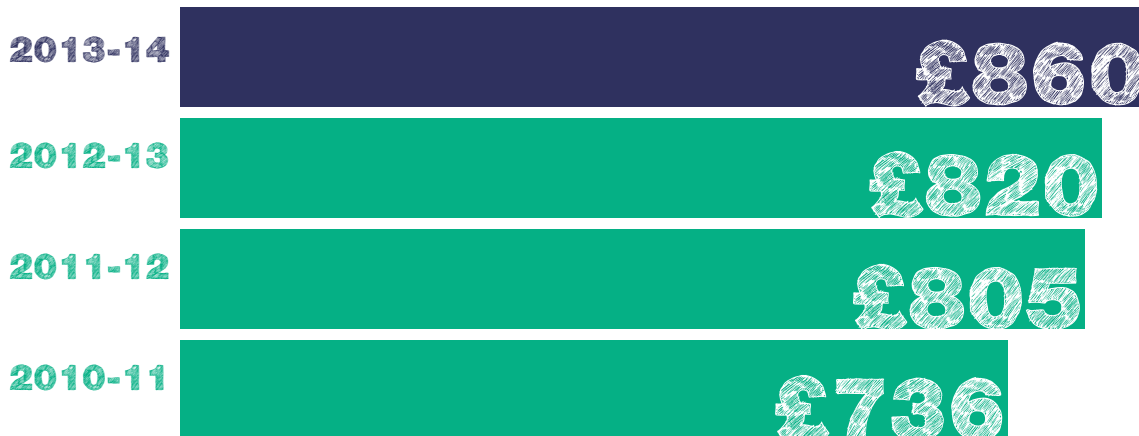
Year	2014	2013	2012	2011
Cleaning	53%	56%	52%	49%
Damage	46%	43%	45%	43%
Redecoration	29%	30%	28%	25%
Gardening	14%	13%	12%	11%
Rent arrears	16%	17%	18%	16%
Other	50%	52%	56%	55%

Again, cleaning remains the biggest cause of dispute appearing in over half of cases. This is closely followed by damage which has seen a small increase this year. Disputes over gardening have also seen a slow but steady increase since 2011.

Average disputed amounts

The chart below shows the change in the amount being disputed in tenancy deposit disputes. 2013-14 saw another increase to an average disputed amount of £860 which represents 74% of the average deposit protected.

Average deposit amount in dispute



TDS Northern Ireland Key Facts

TDS Northern Ireland limited is a wholly owned subsidiary of The Dispute Service Limited and was awarded a contract starting on the 1 April 2013 to operate both an insurance and custodial scheme by the Northern Ireland Housing Executive.



Membership

TDS Northern Ireland has **250 letting agents** and, **1360 landlords** registered to use the custodial scheme.

There are **102 letting agents** registered to use the insurance based scheme, along with **1,363 landlords**.

TDS Northern Ireland has quickly established itself as the market leader in Northern Ireland. Being the only one of the three schemes based in Northern Ireland has proved to be very important to landlords and agents; almost half of our members (47%) said in a recent survey that it was the main reason why they chose to join.

Having staff on the ground who are experienced in Northern Ireland's property market is clearly of significant value. This is yet another example of why the focus on customer service across The Dispute Service is so vital.

“This year we have helped our members every step of the way through the new deposit protection laws. Always being at the coalface with users of the scheme is one of the reasons we are far and away the most popular provider in Northern Ireland.”

Ben Beadle, Managing Director
TDS Northern Ireland

Deposits protected

The custodial scheme in the first year of operation

Tenancy deposits received	Value	Average
7971	£4,300,991.74	£539

706 deposits have already been repaid, to the value of **£313,090.49**.

The insurance scheme in the first year of operation

Deposits protected	Value	Average
5796	£3,511,920.12	£605

Disputes

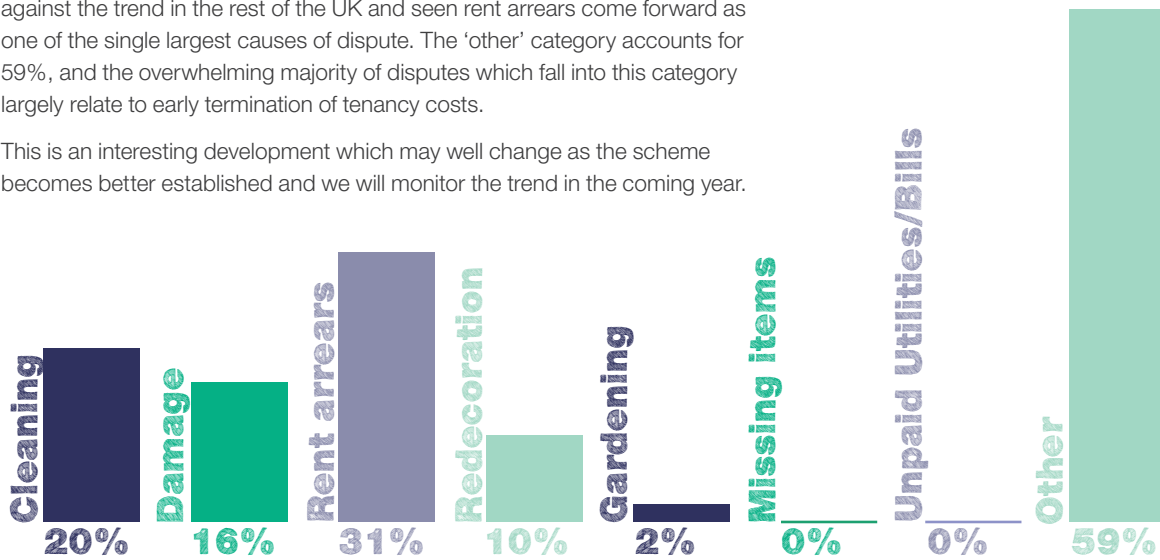
During the first year, there were 49 requests to use the Dispute Resolution Mechanism and all except two were via the custodial scheme. However, only 33 cases of these 49 proceeded to an adjudicator, with our Belfast based staff being extremely effective at resolving almost a third of these referrals informally.

Expressed as a percentage of deposits registered during the first year, the dispute rate is 0.35%, but clearly we expect this to rise as a greater number of tenancies end.

What are disputes about?

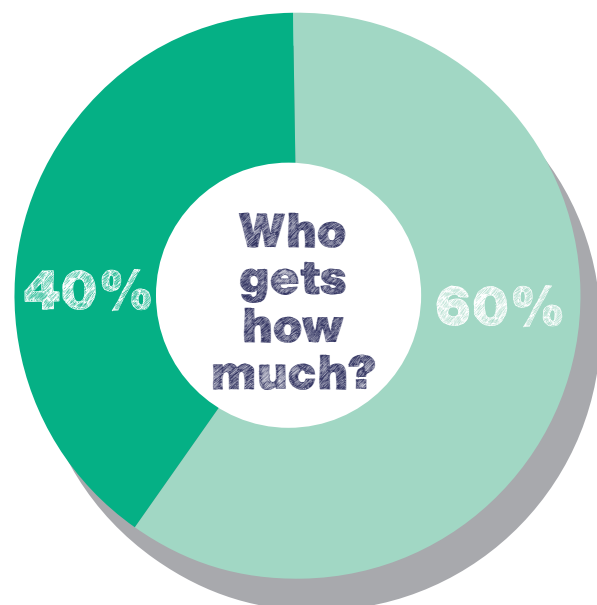
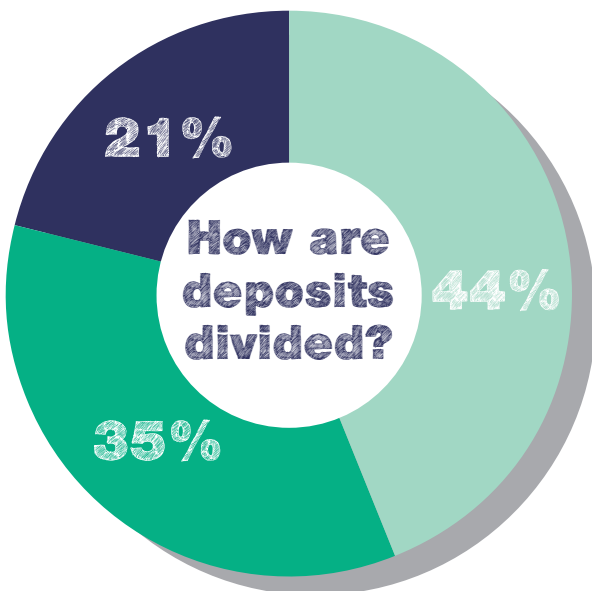
The following chart shows the reasons for deposit disputes in Northern Ireland. We still only have a small sample, however Northern Ireland has so far gone against the trend in the rest of the UK and seen rent arrears come forward as one of the single largest causes of dispute. The 'other' category accounts for 59%, and the overwhelming majority of disputes which fall into this category largely relate to early termination of tenancy costs.

This is an interesting development which may well change as the scheme becomes better established and we will monitor the trend in the coming year.



Who gets what

The chart below details how adjudicators have awarded disputed deposits. Again Northern Ireland is bucking the UK trend to see landlords being more successful in disputes than tenants. This may be related to the high proportion of disputes over rent arrears for which it is easier for landlords to provide reliable evidence than in disputes over cleaning or damage.



- 100% to tenant
- 100% to Landlord / Agent
- Shared between parties

- Tenant
- Landlord / Agent

SafeDeposits Scotland

Key Facts

The Dispute Service Limited is a key partner in SafeDeposits, a custodial only scheme based in Glasgow. The Dispute Service provides key operational services relating to finance, IT and dispute resolution activities.

Following its launch in July 2012, SafeDeposits quickly established itself as the market leader, holding 58% of all deposits protected.

SafeDeposits Scotland currently holds over **eighty thousand deposits worth almost £60 million.**

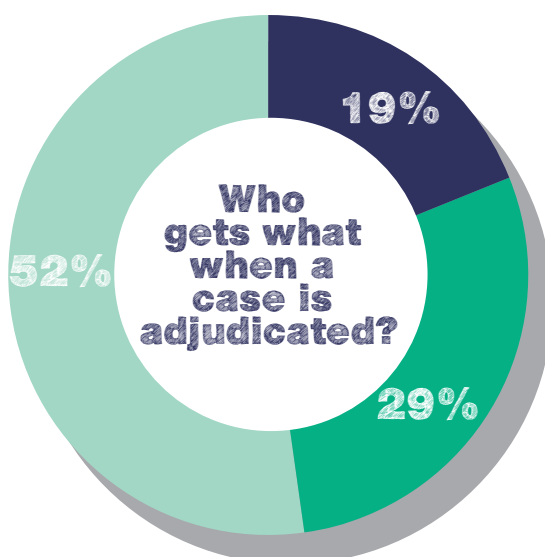
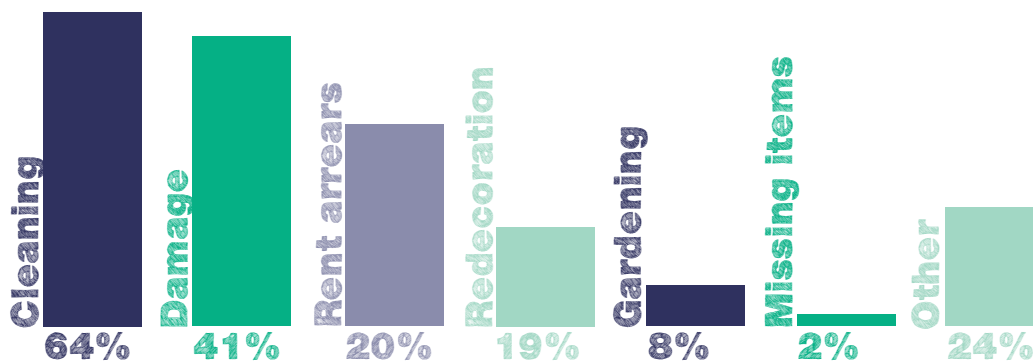
Dispute Resolution

In the last year, SafeDeposits has issued **1,917 adjudication decisions in an average time of 8.4 working days.** The regulations require decisions are issued within 20 working days.

Similar to Northern Ireland, although unlike England and Wales, the regulations have an inbuilt appeal mechanism. So once a decision has been issued, either party can appeal the decision, but only if potentially the adjudicator has made an error in fact or law. In the last year there were 306 review requests. Only 2% of decisions led to review requests being accepted, and the case was then passed to an alternative adjudicator for a final decision to be issued.

What are disputes about?

In keeping with England and Wales, cleaning remains the main reason for dispute. This is based on the information provided by the party who raises a dispute.



- 100% awarded to landlord
- 100% awarded to tenant
- Split between parties

TDS Charitable Foundation



In January 2014 we were delighted to announce the launch of a new charity funded by The Dispute Service, the TDS Charitable Foundation.

The Foundation is a charity with a mission to raise the standards of private rented housing management by advancing education in rights and obligations for both tenants and landlords.

In particular it will support projects which raise awareness of:

best practice in the management of private rented housing

legal rights and obligations of those involved in the provision or management of private rented housing

using alternative dispute resolution for more efficient and effective resolution of disputes between landlords and tenants.

The Trustees will meet three times a year to award **funding of up to £35,000** per round and **up to £20,000 per application**.

The Foundation is a charity with a mission to raise the standards of private rented housing management.

The Trustees



**Chair,
Martin Partington**



Steve Harriott
CEO,
The Dispute Service



Sheila Manchester
Managing Director,
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Peter Bolton King,
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Mark Hayward
Managing Director,
National Association
of Estate Agents



Nick Hankey
Deputy CEO (Finance),
The Dispute Service



Martin Blakey
Chief Executive,
Unipol Student Homes

The Dispute Service

The Numbers

As a not for profit company, our focus is to provide an outstanding, value for money service. This year, we continued to offer low membership rates as well as maintaining our loyalty bonus and discount structure for good performance. As a consequence, we only made a very modest surplus.

We continue to look at all of our processes for efficiency savings, to ensure we offer outstanding value across all of our activities.

The reduction in turnover since 2011-12 is a result of TDS reducing its charges significantly to members through its loyalty bonus which rewards members for staying with TDS in the form of lower deposit protection fees.

	2013-14	2012-13	2011-12
Turnover	5,607,509	5,639,020	7,115,659
Cost of sales	1,523,219	1,428,088	1,320,969
Gross profit	4,084,290	4,210,932	5,794,690
Administrative costs	4,117,590	4,028,715	3,544,931
Operating (loss)/surplus	(33,300)	182,217	2,249,759
Interest receivable	147,446	142,308	121,698
Surplus on ordinary activities before taxation	114,146	324,525	2,371,457
Tax on profit of ordinary activities	5,335	77,669	617,764
Surplus/(loss) for the financial year after taxation	108,811	246,856	1,753,693



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