

The Dispute Service Resolution Services Annual Review 2020-21



Delivering fair resolution services
across the UK



Contents

| | |
|-----------------------|-------|
| Introduction | 3 |
| TDS Insured | 4-9 |
| TDS Custodial | 10-11 |
| SafeDeposits Scotland | 12-13 |
| TDS Northern Ireland | 14-15 |
| Governance | 16 |



Accreditations

The Dispute Service has the following accreditations:

- Complaint Handler member of the Ombudsman Association
- ISO 10002 Customer Satisfaction Management System
- Customer Service Excellence Award
- Best Companies #3 Not for Profit Body
- Cyber Essential Plus



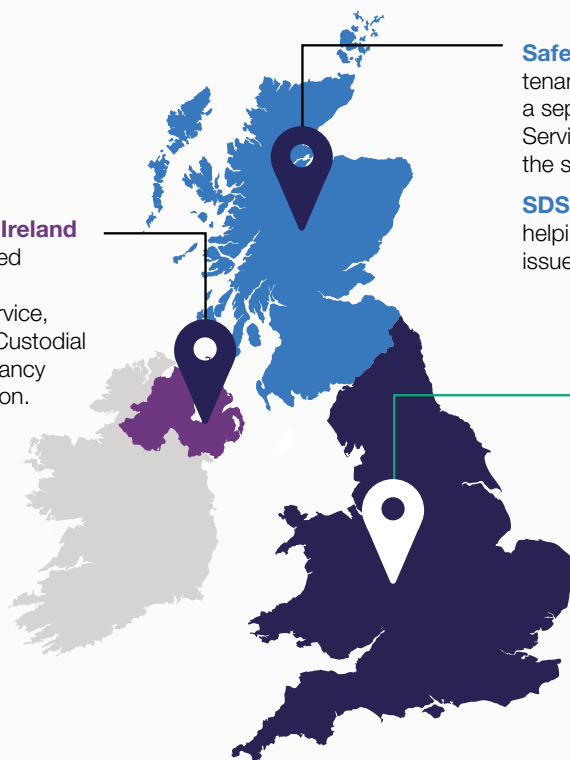
Introduction

This is the first Annual Review from the [Dispute Service](#) on its dispute resolution activities across the UK in 2020-21. The Dispute Service Ltd (a not for profit company) operates a number of statutory tenancy deposit protection schemes in England and Wales, Scotland and Northern Ireland. As part of the overall service, agents, landlords and tenants have access to free dispute resolution in relation to disputes about

the distribution of the deposit at the end of the tenancy. We also provide a dispute resolution service for [Zero Deposit](#), a deposit replacement product.

We receive circa 22,500 initial dispute requests each year and many of these are resolved by the landlords and tenants themselves or by our own early resolution efforts. We issue circa 15,500 formal adjudications each year.

TDS Northern Ireland is a wholly-owned subsidiary of The Dispute Service, providing both Custodial and Insured tenancy deposit protection.



SafeDeposits Scotland is a Custodial tenancy deposit protection scheme. It is a separate company where the Dispute Service is the key partner and provides the scheme's key operational services.

SDS Resolution is a mediation service helping landlords and tenants resolve issues arising during a tenancy.

Tenancy Deposit Scheme (TDS) is operated by The Dispute Service providing tenancy deposit protection in England and Wales. TDS offers both Insured deposit protection, **TDS Insured**, and Custodial deposit protection, **TDS Custodial**.

TDS Resolution is a mediation service helping landlords and tenants resolve issues arising during a tenancy.

Mediation and conciliation services

We also offer free mediation and conciliation services through [TDS Resolution](#) in England and Wales and [SDS Resolution](#) in Scotland. These operations focus on tenant and landlord disputes arising during a tenancy. This service aims to help landlords and tenants reach a suitable solution which allows them to sustain their tenancies.

Our resolution work is carried out by teams of dedicated staff based in our offices in Hemel Hempstead, Glasgow and Belfast. Throughout 2020/21, the teams have successfully all worked remotely due to the Covid-19 pandemic.

Tenancy Deposit Scheme England and Wales



In England and Wales we offer a choice of deposit protection options, each of which includes access to free dispute resolution.

With **TDS Insured**, the tenant's deposit is held by the agent or landlord for the duration of the tenancy. The tenant's interest in the deposit is protected by the scheme, which holds insurance to cover the risk that the deposit is not

returned. Negotiations about the return of the deposit at the end of the tenancy usually results in an agreement between the landlord and tenant without the need to access the free resolution service operated by the scheme and the agent or landlord distributes the deposit in accordance with the parties' agreement. Our experience is that disputes arise in only 1% of the deposits we protect each year and in about 3% of tenancies which end each year. The tenant can approach TDS for help with resolving any disagreement within 3 months of the end of the tenancy. At that point, TDS will

ask the holder of the disputed deposit to send it to us to be held during the resolution process.

Protection with **TDS Custodial** involves the agent or landlord sending the deposit to TDS to hold at the start of the tenancy. When the tenancy ends, the parties must engage with the scheme about the release of the deposit. The parties can ask TDS to help them resolve any disputed deposit that they are unable to agree upon during the repayment process.

TDS Insured

NEW DISPUTES

The TDS Insured scheme is the largest in the group and accounts for the greatest part of our resolution work.

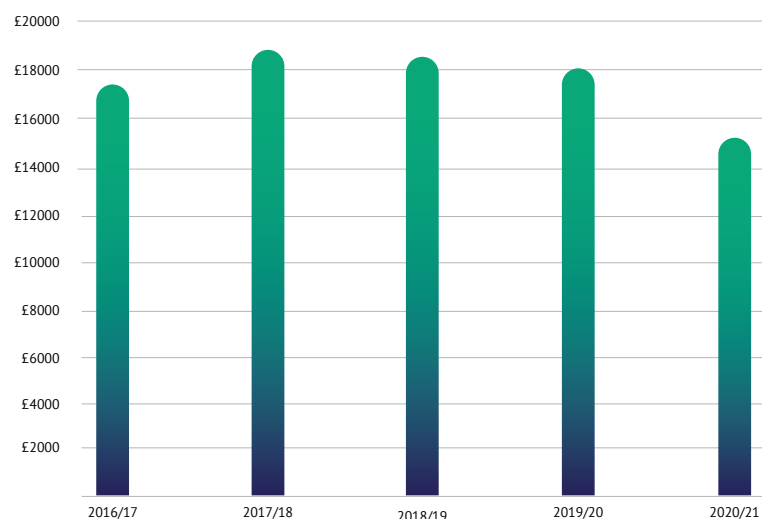
We received 15,116 dispute applications in 2020/21. This represented a fall of 15% compared to the previous year and is probably linked to the impact of Covid-19 in restricting moves in the private rented sector.

However new dispute applications have generally been on a downward trend in TDS Insured since 2017/18.

Generally, agents, landlords or tenants can initiate the dispute process, either online or by post.

Over 99% of applications were completed online in 2020/21.

Dispute applications 2016-2021 (TDS Insured)



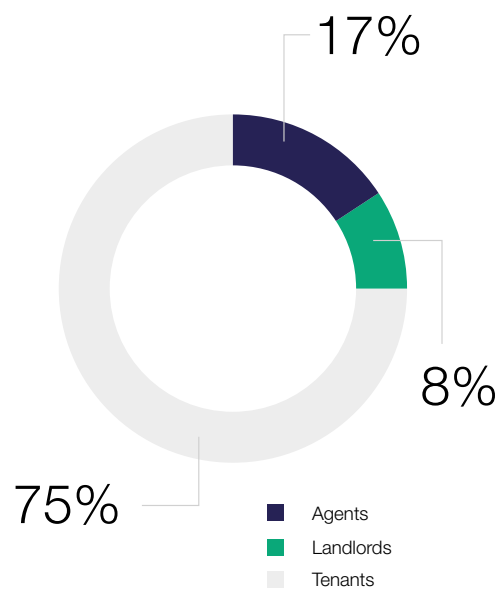
WHO RAISES DISPUTES?

During 2020/21, 75.5% of dispute applications were initiated by tenants. This compared with 73.3% the previous year and is a continuation of a trend seen over the last 5 years with tenants raising more disputes than agents/landlords.

This is likely to reflect increasing awareness of our free resolution service among tenants who have been renting in the private rented sector for a number of years over several tenancies and now fully understand that they are always able to commence the dispute process.

A second factor is the availability of a specific TDS product (TDS Direct) aimed at letting agents who do not need to be able to raise disputes themselves. Agents who opt for this product successfully resolve any issues directly with their tenants in most cases. Their tenants are still able to come to TDS if they disagree with the proposals made by the agent. The number of disputes attributable to agents using TDS Direct in 2020/21 accounted for around 15%.

Agents raised 16.8% (19.4% in the previous year) of new applications in 2020/21, while the proportion raised by landlords increased slightly from 7.2% to 7.6%.



Disputes by applicant 2020/21 (TDS Insured)

WHAT ARE DISPUTES ABOUT?

Most of the disputes raised with TDS involve more than one issue. Cleaning and damage remain the most common areas of dispute, with cleaning being the single most contested issue in 2020/21.

Reasons for dispute (TDS Insured)

| | 2018-19 | 2019-20 | 2020-21 |
|--------------|---------|---------|---------|
| Cleaning | 53% | 52% | 49% |
| Damage | 32% | 32% | 35% |
| Redecoration | 31% | 29% | 26% |
| Gardening | 15% | 15% | 12% |
| Rent arrears | 18% | 16% | 15% |

EARLY RESOLUTION OF DISPUTES

Our resolution service puts particular emphasis on the early resolution of disputes so that tenants' deposits are released as early as possible, and landlords receive any money they are due from the deposit to address issues in their properties.

In TDS Insured, our team of resolution executives make contact with the parties at the start of, and throughout, the processing of the dispute to help them reach a mutually acceptable solution without the need for the dispute to be considered formally by an adjudicator.

This has become an increasingly significant part of our resolution activity. In 2020/21, we resolved 3,970 disputes in this way without the need for formal adjudication, representing 26.5% of applications. The proportion of disputes resolved by early resolution has risen steadily in the last 5 years, from 17.8% of applications in 2016/17.

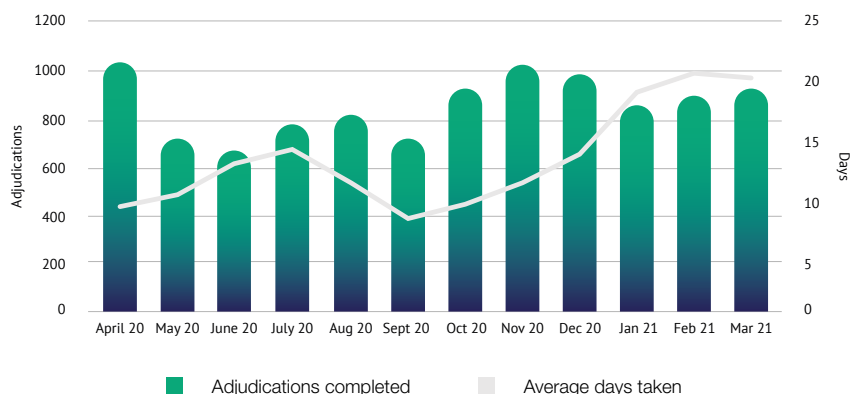
ADJUDICATED DISPUTES

When it has not been possible to resolve a dispute by agreement, it is passed to one of our team of adjudicators for formal resolution.

In 2020/21, TDS resolved 10,503 cases through a final and binding decision made by an adjudicator. This was a decline of 21% compared to 2019/20, reflecting a lower number of dispute applications probably due to Covid-19 and a higher proportion of cases resolved early.

We aim to complete our adjudications within an average of 28 days from the point at which all evidence has been received and checked. In the year 2020/21, we completed our adjudications, on average, within 13.5 days. There is an element of seasonality in our resolution work, with adjudication activity more concentrated in the November to February period.

Disputes adjudicated 2020-21 (TDS Insured)



Disputes adjudicated - 3 years to March 2021 (TDS Insured)

Year to 31 March

Adjudications

2021

10,503

2020

13,340

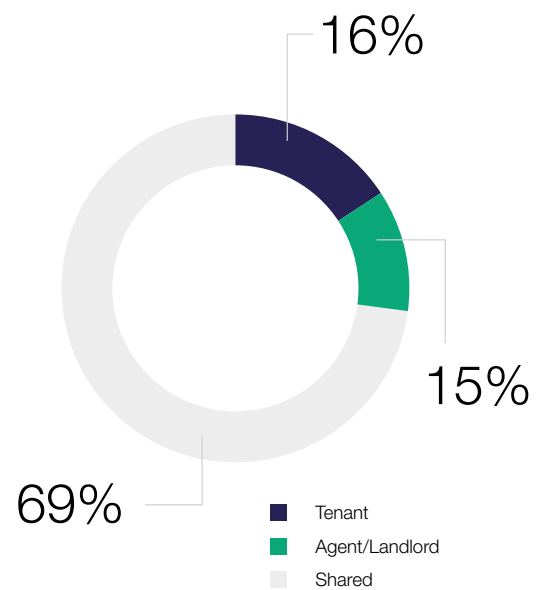
2019

14,430



ADJUDICATION OUTCOMES

TDS adjudicators make their decisions independently and impartially based on the information provided by the parties. In TDS Insured during 2020/21, the majority of outcomes reflected a split award between agent/landlord and tenant.



Adjudication outcomes 2020/21 (TDS Insured)
[% of the disputed deposit awarded]

ADJUDICATION REVIEWS

When agents, landlords and tenants agree to adjudication via TDS, they accept that the adjudicator's decision is final and binding.

TDS makes payments in accordance with the adjudicator's decision when the decision is issued. There is no appeal mechanism within TDS, although the parties can continue their dispute via the court system. However, we recognise that errors can sometimes be made and if either party can demonstrate that the adjudicator has made, or is likely to have made, an error in fact or law, TDS will review the decision and compensate the party for any loss caused by an error.

In 2020/21, we received 155 review requests representing 1.5% of adjudication decisions. Around one third (52) of review cases resulted in the review being upheld and compensation paid. A total of £5,253 was paid in compensation.



TDS Custodial

NEW DISPUTES

The TDS Custodial scheme has been in operation since 2016 and has grown rapidly.

This has an impact on the trends seen in deposit disputes compared to TDS Insured which has been operating since 2007.

In TDS Custodial, a dispute arises when the parties have been unable to agree the repayment of the deposit through the scheme. During 2020/21 most deposit payments were agreed by the parties through our self-resolution platform.

A total of 1,660 deposit disputes were referred to the resolution team for adjudication in 2020/21, a rise of 38% compared to the previous year (but this increase is mainly attributable to the rapid growth of the scheme). Unlike TDS

Insured, there is no time limit for referring a case for resolution in TDS Custodial. In practice, all disputes are referred by tenants when they are unable to agree to the deposit deductions requested by the agent or landlord.

WHAT ARE DISPUTES ABOUT?

The profile of dispute issues in TDS Custodial is similar to TDS Insured with cases tending to involve more than one issue with cleaning and damage dominating.

Reasons for dispute (TDS Custodial)

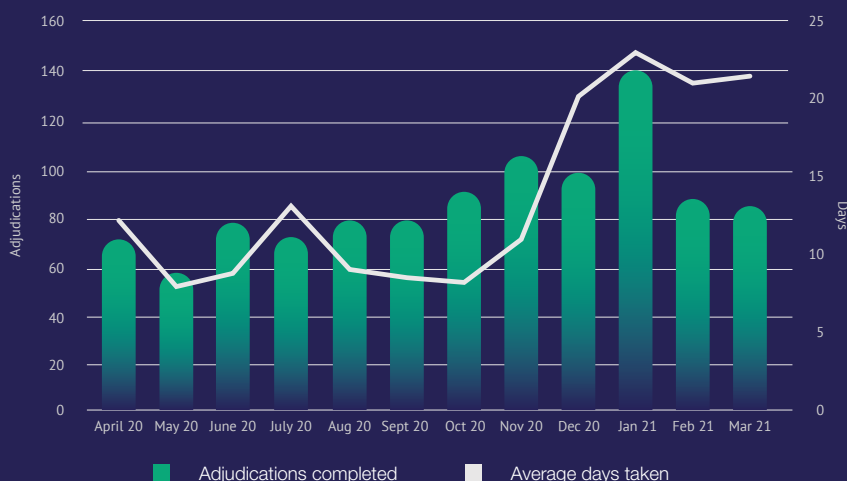
| | 2018-19 | 2019-20 | 2020-21 |
|--------------|---------|---------|---------|
| Cleaning | 53% | 53% | 55% |
| Damage | 50% | 49% | 45% |
| Redecoration | 20% | 17% | 30% |
| Gardening | 20% | 17% | 23% |
| Rent arrears | 12% | 16% | 11% |

ADJUDICATED DISPUTES

Our resolution timescales in TDS Custodial are the same as in TDS Insured, as are the seasonal patterns.

In 2020/21 we completed 1,089 adjudications in an average of 14.9 days. Completed adjudications rose by 45% compared to the previous year, reflecting underlying growth in the scheme.

Disputes adjudicated 2020/21 (TDS Custodial)



Year to 31 March Adjudications

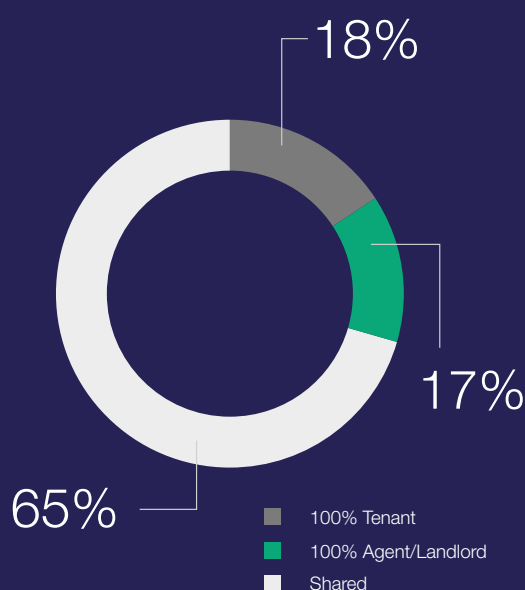
| | |
|------|-------|
| 2021 | 1,089 |
| 2020 | 749 |
| 2019 | 338 |

Disputes adjudicated 3 years to March 2021 (TDS Custodial)

ADJUDICATION OUTCOMES

Adjudication outcomes in TDS Custodial follow the same general pattern as for TDS Insured, although the proportion of shared awards is lower.

Agents/landlords and tenants are equally successful in securing 100% of the disputed deposit.



Disputes adjudicated 3 years to March 2021 (TDS Custodial)
[% of the disputed deposit awarded]

ADJUDICATION REVIEWS

Agents, landlords and tenants are able to ask TDS to a review an adjudication decision in TDS Custodial in the same way as for TDS Insured, where they can demonstrate an error in fact or law.

In 2020/21, we received 14 review requests representing 1.3% of adjudication decisions. Three reviews were upheld and compensation of £368.00 was paid.



SafeDeposits Scotland



SafeDeposits Scotland is a Custodial protection scheme which offers free dispute resolution for tenancy deposits at the end of the tenancy.

SafeDeposits has been operating in Scotland since 2012. The dispute resolution service is provided by The Dispute Service under a service level agreement with SafeDeposits Scotland.

Like TDS Custodial, disputes arise when the parties fail to agree the repayment of the deposit in their initial interaction with the scheme. During 2020/21, an overwhelming number of deposits were repaid to the parties by agreement and without

the need for referral to the resolution team.

There is no time limit for referring a case for resolution in SafeDeposits. In practice, all disputes are referred by tenants when they are unable to agree to the deposit deductions requested by the agent or landlord.

A total of 3,577 cases were initially referred for resolution in 2020/21, a decline of 23% on the previous year. This is likely to have reflected a lower level of activity in the lettings sector in Scotland during the year because of the impact of Covid-19.

SafeDeposits' resolution staff will contact the parties to engage them in early resolution in the same way as for TDS Insured.

During 2020/21, 797 potential deposit disputes were agreed in this way, representing 22% of cases where repayment of the deposit was outstanding.

Reasons for dispute (SafeDeposits)

| | 2018-19 | 2019-20 | 2020-21 |
|--------------|---------|---------|---------|
| Cleaning | 66% | 69% | 70% |
| Damage | 42% | 42% | 43% |
| Redecoration | 18% | 21% | 20% |
| Gardening | 18% | 15% | 15% |
| Rent arrears | 8% | 9% | 9% |

WHAT ARE DISPUTES ABOUT?

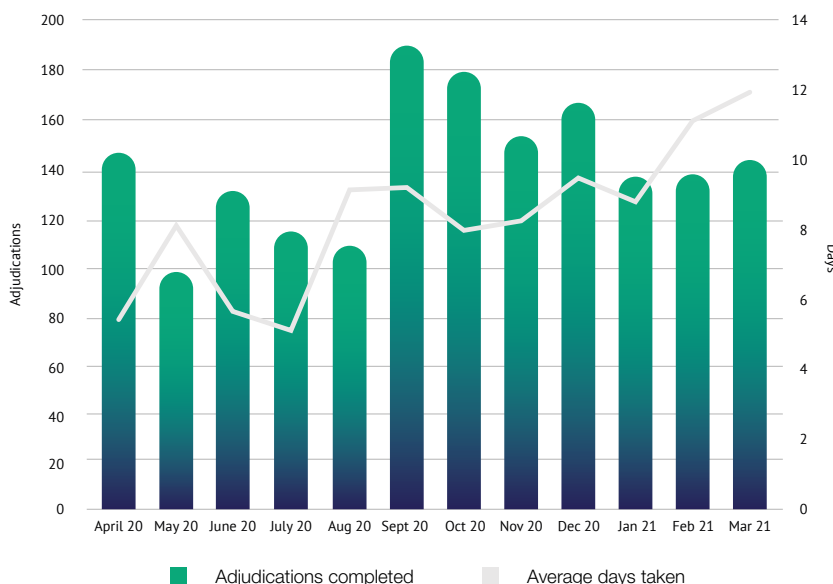
Cleaning and damage remain the dominant areas of dispute for SafeDeposits.

ADJUDICATED DISPUTES

Our timescales for resolution for SafeDeposits are similar to the schemes in England and Wales, although measured in working days rather than calendar days.

We aim to complete adjudications within 20 working days. In 2020/21 we completed 1,696 adjudication decisions in an average of 8.6 working days. This was a reduction of 24.7% in completed decisions compared to the previous year.

Disputes adjudicated 2020/21 (SafeDeposits)



Disputes adjudicated 2020/21 (SafeDeposits)

Year to 31 March ADR referrals

| | |
|------|-------|
| 2021 | 3,577 |
| 2020 | 4,620 |
| 2019 | 3,503 |

ADJUDICATION OUTCOMES

Adjudication outcomes in SafeDeposits are similar to the other schemes, with the majority of decisions awarding part of the disputed deposit to each party.

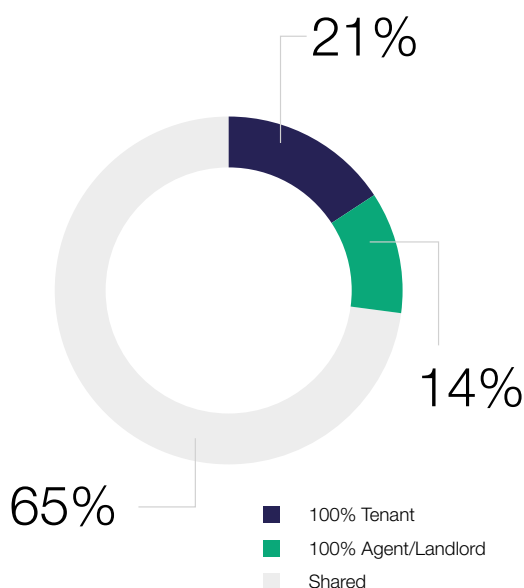
A greater proportion of cases resulted in a 100% award to the tenant in SafeDeposits during 2020/21 (21%) than to the agent/landlord (14%).

ADJUDICATION REVIEWS

The Tenancy Deposit Schemes (Scotland) Regulations 2011 provide a mechanism for agents, landlords and tenants to challenge adjudication decisions within 10 working days of the decision being issued.

When a decision is initially issued, the scheme retains the disputed deposit pending the outcome of the review period. Decisions can be challenged on the basis of the party demonstrating an error in fact or law. If a request for a review of the decision is accepted, a second and final adjudication decision will be issued which will either affirm or change the initial decision. When the second decision is issued, it is final and binding and the scheme will distribute the deposit in accordance with the decision.

In 2020/21, 137 requests for a review of an adjudication decision were received, accounting for 0.8% of decisions issued. 17 cases were accepted for review, with the outcome changing in 15 of these cases when the second decision was issued.



Adjudication outcomes 2020/21
[% of the disputed deposit awarded]

TDS Northern Ireland



In Northern Ireland we offer a choice of Insured and Custodial deposit protection options, each of which includes access to free dispute resolution. TDS Northern Ireland was established in 2013.

All disputes in the TDS Northern Ireland Insured scheme are raised by tenants and need to be referred within 3 months of the end of the tenancy. The Custodial scheme operates in the same way as TDS Custodial and SafeDeposits with disputes arising through the failure of the parties to agree repayment of the deposit through the scheme or following online self-resolution.

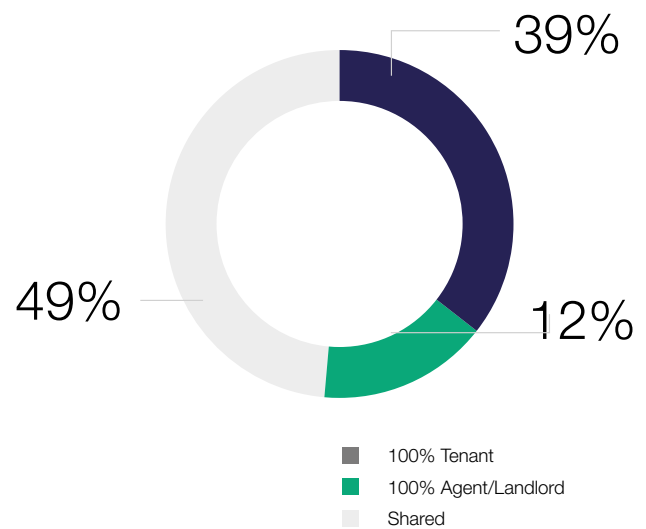
In 2020/21, 580 new disputes were referred for adjudication in Northern Ireland, a decline of 14% compared to the previous year due to the impact of Covid-19 on the local private rented sector.

WHAT ARE DISPUTES ABOUT?

Cleaning and damage remain the dominant areas of dispute for TDS Northern Ireland.

Reasons for dispute (TDS Northern Ireland)

| | 2018-19 | 2019-20 | 2020-21 |
|--------------|---------|---------|---------|
| Cleaning | 45% | 45% | 42% |
| Damage | 38% | 41% | 40% |
| Redecoration | 28% | 16% | 27% |
| Gardening | 28% | 23% | 26% |
| Rent arrears | 10% | 12% | 12% |



Adjudication outcomes 2020/21 (TDS Northern Ireland) [% of the disputed deposit awarded]

Disputes adjudicated 3 years to March 2021

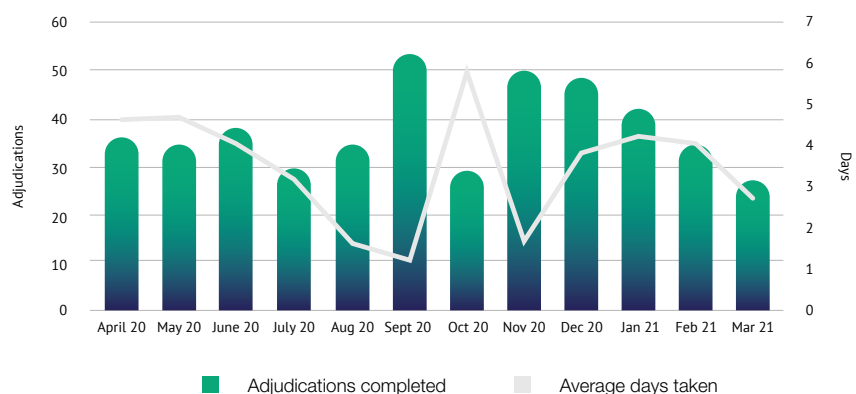
| Year to 31 March Adjudications | |
|--------------------------------|-----|
| 2021 | 458 |
| 2020 | 535 |
| 2019 | 512 |

ADJUDICATED DISPUTES

Our timescales for resolution for TDS Northern Ireland are similar to the scheme in Scotland, in that resolution times are measured in average working days and we aim to complete adjudications within 20 working days.

In 2020/21 we completed 458 adjudication decisions in an average of 3.3 working days. This was a reduction of 14% in completed decisions compared to the previous year.

Disputes adjudicated 2020/21 (TDS Northern Ireland)



ADJUDICATION OUTCOMES

Adjudication outcomes in TDS Northern Ireland in 2020/21 show that slightly less than half of the awards were split between agents/landlords and tenants.

Tenants were considerably more successful in securing 100% of the disputed deposit (19%) than agents/landlords (12%).

ADJUDICATION REVIEWS

The parties to a dispute are able to request a review of an adjudication decision in Northern Ireland in the same way as in Scotland under the provisions of The Tenancy Deposit Schemes Regulations (Northern Ireland) 2012.

The scheme operates in the same way in terms of retaining the disputed deposit until the end of the review process and issuing a second adjudication decision in the event that a review request is upheld.

In 2020/21, 45 requests for a review of an adjudication decision were received, accounting for 1.0% of decisions issued. Just 2 cases were accepted for review, with the outcome changing in both when the second decision was issued.



TDS RESOLUTION AND SDS RESOLUTION

TDS Resolution and SDS Resolution are conciliation and mediation services launched in mid 2020. The services were initially aimed at helping landlords and tenants reached a mutually agreed repayment arrangement when rent arrears had built-up and notice had been served on the tenant. These cases were generally awaiting court action or consideration by the First-tier Housing Tribunal in Scotland.

Since 1 April 2021, the services have been broadened to include a wider range of disputes between landlords and

tenants arising during a tenancy. The aim is to reach a mutually agreed solution to the issue with the aim of sustaining the tenancy for the benefit of both parties.

Further information about these services will be provided in our next annual report.

ZERO DEPOSIT ADJUDICATION

Zero Deposit is the UK's leading deposit replacement guarantee provider.

TDS provides the adjudication service for claims arising against the Zero Deposit Guarantee where the tenant does not agree with the claim being made by the landlord. As with the statutory deposit

schemes the landlord uploads the evidence supporting their claim to the TDS portal; this can be viewed by the tenant who then uploads their evidence before a TDS Adjudicator reviews the dispute and makes a decision on the landlord's claim.



Governance

Although the Board of The Dispute Service exercises oversight of all of the activities of the company the Resolution service has a dedicated ADR Policy Committee which reviews performance and policy matters. This Committee, consisting of independent Board members, has no involvement in individual adjudications but does review key performance indicators and developments within Resolution.

INDEPENDENT COMPLAINTS REVIEWERS

In England & Wales and Northern Ireland Margaret Doyle is employed as the Independent Complaints Reviewer. Her role is to review complaints about the service where complainants are unhappy with the final stage response given by TDS. She also reviews a sample of complaints responses each year.

In 2020-21 she reviewed 4 complaints and did not uphold any of them.

A similar role for SafeDeposits Scotland is undertaken by Carolyn Hirst. In 2020-21 there were no referrals to the Independent Complaints Reviewer.

STAFF

All of the adjudicators employed by TDS either have legal qualifications or extensive letting agency experience. All are Associate members of the Chartered Institute of Arbitrators. There is a specific Code of Conduct which applies to adjudicators which is designed to uphold the highest standards of impartiality and fairness.



<https://www.thedisputeservice.com>



0300 037 1000