EXECUTIVE SUMMARY

Direct Investigation
Housing Department’s Handling of Complaints Involving Claims

Background

Where complaints involve a claim for damages, the Housing Department (“HD”) is often found just to leave the claim with the loss adjuster of its insurer, without itself examining the incident to identify the cause or to consider the need for service or management improvement.

2. This practice does not accord with HD’s declared procedures and leaves the root causes of complaints to continue unchecked. Against this background, The Ombudsman initiated a direct investigation to examine:

(a) HD’s ways of handling complaints which involve claims; and
(b) HD’s mechanism for monitoring inquiries by the loss adjuster.

Procedures for Handling Complaints

3. **General Procedures.** HD’s Departmental General Circular No. 1/2009 lays down a clear timeframe for acknowledging and investigating complaints and updating and replying to complainants. It also specifies the details of replies to complainants and the need for follow-up action to rectify problems and prevent recurrence.

4. **Complaints Involving Claims against HD.** HD should process the complaint in accordance with the above procedures and refer the claim to the loss adjuster for processing under HD’s public liability insurance policy. The loss adjuster will liaise with the claimant direct. HD is to monitor the loss adjuster’s handling of claims against prescribed procedures and service standards, including a timeframe for acknowledging receipt of claims, updating on progress, replying to claimants and making offers for settlement.

5. **Complaints Involving Claims against HD’s Contractors.** HD should process the complaint in accordance with the procedures and refer the claim to the contractor, who will in turn refer it to the loss adjuster of the contractor’s insurer. Meanwhile, HD frontline officers have

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1 This arrangement is being replaced by an umbrella insurance policy that will centralise the processing of claims against contractors under HD monitoring.
instructions to urge contractors proactively to settle tenants’ claims. However, there are no set procedures for monitoring these cases. Contractors are required to report progress and the eventual outcome, but as HD frontline officers generally adopt a passive approach, HD’s records of such cases are incomplete.

Case Studies

6. Case studies (Chapter 3 of the Report) illustrate HD’s deficiencies in handling complaints which involve claims.

Observations and Opinions

Complaints Involving Claims against HD

7. HD professes a commitment to effective complaints handling. The case studies, however, show that in practice, some complaints do not get proper processing by HD simply because they include a claim for damages. All such claims seem to trigger automatic referral to the loss adjuster, to the total exclusion of any further attention from HD.

8. Despite clearly prescribed procedures for handling complaints involving claims, HD does not always follow them. In some of the cases studied, HD had failed to issue acknowledgement and interim and substantive replies. It had also failed to identify problems for follow-up action or rectification.

9. It was inappropriate and inadequate of HD to have overlooked, or ignored, its own procedures and to rely on the loss adjuster’s investigation. The loss adjuster investigates and adjusts claims only with reference to the insurance policy. Issues such as the need for service or management improvement are outside the scope of the insurance policy and HD must take them up itself by conducting its own parallel investigation to get at the root cause(s) of complaints.

10. The insurance is meant to mitigate HD’s financial burden in case it has to pay compensation. It does not absolve HD of its responsibilities as it has ultimate responsibility for the proper handling of claims. However, in some of the cases studied, the loss adjuster had failed to issue timely acknowledgement and interim replies to claimants. Evidently, HD had not monitored those cases properly.
Complaints Involving Claims against HD’s Contractors

11. Not subject to any service standards, cases against HD’s contractors are loosely monitored by HD. Consequently, records are incomplete, with some cases having no records at all.

12. HD’s established practice to “urge” contractors for conciliatory settlement of claims contrasts markedly with its strict detachment from the loss adjuster’s processing of claims against HD itself. It should maintain a similar approach in monitoring claims both against itself and against contractors.

Assistance to Claimants

13. In some of the cases studied, HD blindly followed the loss adjuster’s advice and refused to give the claimants reasonable help. In our view, HD should not only supply all relevant information to enable the loss adjuster to arrive at a well-grounded conclusion, but should also accommodate claimants’ requests for information and assistance as far as possible. It should judiciously assess the loss adjuster’s advice on claims, which is inevitably restricted to HD’s liability covered by the insurance policy.

Recommendations

14. In handling complaints involving claims, HD often overlooks the need to examine the root causes of problems. In this connection, The Ombudsman has made 11 recommendations to HD, including:

Processing of Complaints

(a) remind staff regularly to follow its prescribed procedures for handling complaints that involve claims;

(b) remind staff of the need for parallel investigation of complaints other than the claims involved, to get at the root cause(s) and to improve as appropriate;

Handling of Claims by Loss Adjuster

(c) review and step up monitoring of claims handling by the loss adjuster;
Handling of Claims by Contractors

(d) devise a consistent approach for monitoring claims handling by the loss adjuster and contractors;

Keeping of Records

(e) require contractors to furnish progress reports on claims;

(f) require staff to keep records of cases against contractors; and

Assistance to Claimants

(g) provide information or other forms of assistance to claimants in need.

Office of The Ombudsman
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