



**FIRST - TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)**

Case Reference : **CAM/28UC/OC9/2019/0003**

Properties : **Flats 2, 7, 10, 11, 15, 16, 17 and 18 Earleswood Court, London Road, Apsley, Hemel Hempstead, Hertfordshire HP3 9RB**

Applicants : **The Leaseholders of the Properties named in the Applications**

Representatives : **Mr G L Williams**

Respondent : **Matthews Homes Ltd**
Representatives : **Dickens Shiebert Limited, Solicitors
Mr T J P Reeve FRICS, Chartered Surveyor**

Date of Application : **3rd July 2019 (Received 10th July 2019)**

Type of Application : **To determine the costs of the lease extension of the Properties under section 91(2)(d) of the Leasehold Reform, Housing and Urban Development Act 1993**

Tribunal : **Judge JR Morris**

Date of Decision : **17th October 2019**

DECISION

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Decision

1. The Tribunal determines that the reasonable Valuation Costs of the Respondent payable by each of the Applicants pursuant to section 60 of the Leasehold Reform and Urban Development Act 1993 are £487.50 including VAT.
2. The Tribunal determines that the reasonable Legal Costs of the Respondent payable by each of the Applicants pursuant to section 60 of the Leasehold Reform and Urban Development Act 1993 are £972.46

Reasons

Application

3. The Applicants applied to the Tribunal on 16th October 2017 under section 91(2)(d) of the Leasehold Reform, Housing and Urban Development Act 1993 (“the 1993 Act”) for a determination of the costs under section 60 of the 1993 Act.
4. Directions were issued on 6th August 2019 in which it was stated that the application would be determined on the basis of the documents alone and without an oral hearing on or after 14th October 2019 unless the parties requested an oral hearing within 14 days of the Directions. No request for an oral hearing was made to the Tribunal. Therefore this Decision is made based on the documents and information provided in the Bundle.

The Law

5. The relevant law is contained in s60 of the Leasehold Reform, Housing and Urban Development Act 1993 set out in Annex 1 of these Reasons.

Preliminary Issue

6. It appears that invoices dated 12th July 2019 had been sent to the seven Applicants who had completed lease extensions for solicitor’s fees of £1,700.00 including VAT and valuation fees of £840.00 including VAT. An invoice was also sent to the one Applicant who decided not to complete a lease extension for solicitor’s fees of £1,590.00 including VAT and valuation fees of £840.00 including VAT.
7. The Applicants considered that as individual fees they were high and that because the lease extension claim was made collectively by all eight Applicants it was considered the individual amounts should be discounted. The Applicants therefore applied to the Tribunal for a determination.
8. Under the Directions the Respondent was to provide a submission by 23rd August 2019 giving details of the costs incurred, but failed to do so. The reason given was

that the solicitor dealing with the matter had retired on 23rd August 2019 and the responsibility for the case had not been handed over.

9. The Applicants raised a preliminary issue to the issue relating to the costs submitting that because the Respondent had failed to comply with the Directions of the Tribunal the Respondent's late submissions should be excluded in their entirety from the Tribunal's considerations.

Preliminary Issue Decision

10. In determining whether or not a document, which is submitted late and not in compliance with the tribunal's directions, should be excluded the Tribunal must be mindful of the overriding objective in Rule 3 of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013 (the 2013 Rules") *to deal with the case justly and fairly*. Notwithstanding that evidence may be submitted late, a tribunal is particularly reluctant to exclude any documentary evidence when the determination is being made on the basis of the papers alone i.e. without oral submissions. When evidence is submitted late the tribunal needs to consider whether there is a reasonable explanation. If the tribunal is minded to allow the late submission of evidence by one party a tribunal needs to be satisfied that the other party has had an opportunity to consider it and respond.
11. In the present case the Tribunal is required to determine whether the Respondent's costs, for which invoices have already been served on the Applicants, are reasonable. It is in the interests of both parties that the Tribunal has sufficient information upon which to base that determination.
12. The Tribunal is dealing with the matter on the basis of the papers and has received a bundle which contains documentary evidence and written submissions from both parties. The evidence and submissions from the Respondent were served on the Applicants late and not in accordance with the Directions. The reason given by the Respondent set out in an email to the Tribunal dated 9th September 2019 is credible and not one that is likely to be repeated. The evidence and submissions from the Respondent were served on the Applicants on 12th September 2019. The Applicants provided the Bundle on 20th September 2019. The Tribunal finds that the Applicants had opportunity to read and consider the Respondent's case and Mr G L Williams provided a further statement of Case reiterating points made in his two previous submissions but also commenting on the Respondent's Surveyor's and Solicitor's submissions. A form of witness statement was also provided on behalf of the Applicants by their surveyor Mr G Loughran in response to the statement by the Respondent's Surveyor Mr T J P Reeve.
13. The Tribunal therefore decides that all the documentary evidence and submissions in the Bundle are to be considered.

Evidence

Applicant's Case

14. The Applicants' Representative Mr Williams provided a statement of case dated 8th July 2019. He stated that the valuation fee of £840.00 including VAT for each Property was excessive and totalled £6,720.00.
15. The reasons submitted were that the additional work involved to value a total of eight nearly identical flats, with similar foot prints, located at the same postcode is minimal. The work would have necessitated one or two visits and a single desk-based valuation exercise replicated across all eight properties. A reasonable maximum fee would be £1,200 including VAT for all eight participating Applicants equating to £150.00 including VAT per flat.
16. He further stated that the solicitors' fee of £1,700.00 including VAT for each of the seven Applicants and £1,590.00 for the one Applicant not proceeding, totalling £13,490.00 was excessive. It was submitted that with one exception the leases were the same except for the flat number and leaseholder name. A reasonable maximum fee should be £400.00 per flat including VAT for the seven Applicants and £300.00 for the Applicant that did not proceed.
17. Mr Williams elaborated upon the initial submission in a letter dated 4th September 2019. The key reasons for challenging the surveyor's and solicitor's fees are summarised as follows:
 - The flats and their respective valuations are near identical;
 - The eight applications for lease extension were identical and submitted to the Landlord on the same day;
 - The same solicitor and surveyor were instructed by all the Leaseholders;
 - The activities in respect of the lease extensions across the eight leasehold properties were the same;
 - The flats are not high cost and were priced in 2005 from £162,000 to £168,000Copies of the sales brochures were provided with plans that showed the dimensions of the rooms.
18. With particular reference to the Valuation Fees it was said:
 - The properties were near identical;
 - They are on the same development;
 - Co-operation between the leaseholders meant the surveyor was able to access all the properties on the same day;
 - A single desk-based valuation exercise could be replicated across all eight properties.
19. With particular reference to the solicitors' fees it was said:

- The eight participating properties each had an identical lease and were seeking an identical lease extension, only the name and flat number varied.
 - The only changes to the new leases are the addition of 90 years to the unexpired term coupled with pepper corn rents replacing the existing ground rent conditions;
 - The same solicitor was used by all eight Leaseholders providing the Landlord with a single point of contact. The section 42 Notices were served on the same day and the lease extensions were completed on the same day with a composite transfer of funds.
20. In addition, Mr Williams provided a table of eight estimates he had obtained from Surveyors for valuing a single leasehold flat with a likely value of less than £300,000. The mean average of which was £433.00 and the median £420.00.
21. Mr Williams in a letter dated 17th September 2019 following his receipt of the Respondent's Surveyor's and Solicitor's submissions stated that it was unnecessary for the Surveyor to calculate the approximate gross internal area for each property from the Landlord's plans at its office when the marketing brochure had the room sizes and the plans could have been scanned and forwarded to the Surveyor.
22. Mr Williams said that no details had been produced by the solicitor of the time spent on the seven individual properties. Only that relating to Flat 18 which did not complete.
23. Mr Williams also provided a table of eight estimates he had obtained from Solicitors for acting in respect of a lease extension for a single leasehold flat valued at about £300,000. The mean average of which was £666.00 and the median £602.00.
24. Mr William referred the Tribunal to the Upper Tribunal case of *Drax v Lawn Court Freehold Ltd* [2010] UKUT 81 (LC), LRA/58/2009. In particular he quoted the passage "the respondent should only receive its costs where it has explained and substantiated them".

Respondent's Case - Valuation Fees

25. In response to the Applicant's statement of Case, Mr Reeve, the Respondent's Surveyor, provided a "Factual Report" with supporting documents. Mr Reeve said what he would do and then what he did. The Tribunal is only interested in what he did.

26. The following is in tabular form a summary of the narrative of his report.

Date	Item		Time	£
24/11/18	a	Letter to Head Leaseholder	2 hrs	500
05/12/18	b	Reply from Head Leaseholder		
30/11/18	c	Inspections arranged & undertaken of 3 flats	4 hrs	1,000
10/12/18	d	Perusal of plans & Calculating	3 hrs	750
	e	Calculation of areas	3 hrs	750
17/12/18	f	Receipt of Land Registry office Copy Entries		
20-21/12/18	g	Investigating market evidence	4 hrs	1,000
	h	Checking the law	5 hrs	1,250
12-13/01/19	i	Calculation of premium	6 hrs	1,500
Total			27 hrs	6,750

27. The following is a table of Mr Reeve's itemised account.

	Ref	Activity	Time	£
1	a	Receive instructions from Client. Contact Client's Solicitor	2 hrs	500
2	c	Arrange & make property inspections	4 hrs	1,000
3	d	Inspect historical records at Client's Office	3 hrs	750
4	e	Prepare floor plans and measure gross area	3 hrs	750
5	f/g	Undertake market research to establish property values	4 hrs	1,000
6	h	Undertake detailed research into relevant case law	5 hrs	1,250
7	i	Prepare 8 valuations. Report to Client. Instruct solicitor s 45	6 hrs	1,500
		Total	27 hrs	6,750
		Fee per Property		844
		Fee charged per Property		700

28. Mr Reeve added in a letter dated 19th September 2019 that without knowing the full details of the property to be valued the estimates could not be relied upon. He referred to a first tier Tribunal case reference RC/LON/00AG/OC9/2018/0255 in which it was determined that £1,000 plus VAT was a reasonable valuation cost (a copy was provided). He also referred to other instances in which valuation fees of £1,400 and £1,750 plus VAT were charged.

Applicant's Reply - Valuation Fees

29. Mr Loughran provided a statement in which he referred in some detail to the list of steps that Mr Reeve would take in a case of this kind. As stated above the Tribunal is only concerned with what Mr Reeve actually did, which Mr Laughran did address as follows:

a) Corresponding with the Head Leaseholder is not a recoverable cost under section 60.

b) Agreeing the apportionment of the lease extension premium was part of the negotiations and is not a recoverable cost under section 60.

- c) Travel time between Linslade and the Property is 30 minutes and each inspection should take no more than 30 minutes therefore the time spent should be 2 hours 30 minutes.
- d) Copies of the relevant plans and other relevant details could have been provided by the Client without travelling to its office.
- e) The Properties are almost identical and an experienced valuer could calculate the internal floor area in no more than 5 minutes per unit.
- f) Time for market research is agreed as a total but not for each Property.
- g) This item relates to negotiations and is not a recoverable cost under section 60.
- i) The time taken for the work is not a fair reflection. Mr Laughran said that he had used one Excel calculation template and then inputted the figures to produce a set of valuations. The variations he submitted were *de minimus*.
30. Mr Loughran also submitted that £150.00 an hour was a more appropriate rate for a surveyor outside central London for this work.
31. Mr Loughran's submission is summarised as follows:

	Ref	Activity	Time	£
1	a	Receive instructions from Client. Contact Client's Solicitor	0	0
2	c	Arrange & make property inspections	2.5 hrs	625
3	d	Inspect historical records at Client's Office	0	0
4	e	Prepare floor plans and measure gross area	40 min	167
5	f	Undertake market research to establish property values	4 hrs	1,000
6	h	Undertake detailed research into relevant case law	0	0
7	i	Prepare 8 valuations. Report to Client. Instruct solicitor s 45	2	500
		Total @ £250.00	9 hrs 10 min	2,292
		Total Fee per Property		286

Respondent's Case re Legal Costs

32. The Respondent's Solicitors provided a disjointed Statement of Case stating:
- A Solicitor's hourly charging rate is £250.00 and the solicitor acting was a Grade A fee earner.
- B The Costs incurred included Counsel's Fees for £600.00 (£500.00 plus £100.00 VAT) (Invoice provided)
- The Respondent's Solicitor's cost incurred in relation to instructing Counsel for £900.00 (Schedule of Costs Provided)
- C Calculation of costs for each Applicant's Flat which were £1,707.75 each including Counsel's fees.

D Completion Statement and invoice for Legal Costs for Flat 2 dated 12th July 2019 for the sum of £1,700.00 which was said to be the same for all Flats. (Copy provided)

E Correspondence relating to payment of legal fees on Completion including requests for payment of abortive fees.

The Respondent's Solicitor was clearly aggrieved that the completion was agreed and took place on 11th July 2019 and in the absence of communication to the contrary it was assumed the legal and valuation costs were agreed. On 11th July 2019 the Applicant's Solicitor informed the Respondent's Solicitor by email that "the sending of the fees should not be taken as acceptance that they are reasonable and our clients reserve the right to apply to the Tribunal to assess this."

F Reference was made to "Without Prejudice" Correspondence which was available if the Applicants wished to include it which they said they did not in Mr Williams' letter of 17th September 2019.

Tribunal's Decision re Valuation Fees

33. The Tribunal accepted Mr Reeve's hourly rate of £250.00. However, in doing so the Tribunal expected the work would be carried out expeditiously and that included in the rate would be an allowance for administrative work such as diarising and internal communication. The rate reflects the knowledge and expertise of the valuer and therefore includes time taken in research valuation practice and law. The rate and charge need to take into account a surveyor's overheads such as professional insurance and therefore there is an optimum amount below which a fee would not be cost effective.

34. The Tribunal noted the case (RC/LON/00AG/OC9/2018/0255) referred to by Mr Reeve regarding £1,000 being determined to be a reasonable valuation fee but found that it was not applicable in the present circumstance as it related to fixed fee costs not hourly costs.

35. The Tribunal found that the estimates obtained by Mr Williams could only be considered a general guide to fees charged.

36. The Tribunal found that from the evidence adduced that the Properties were on the same development and very similar.

37. The Tribunal considered the seven items of Mr Reeve's account together with the narrative of his Factual Report.

38. The Tribunal found item 1 reasonable so far as it amounted to the taking of instructions and the initial perusal and consideration of relevant documents and request for any further documentation. The Tribunal determined that an hour

was sufficient for this item. A distinction needs to be drawn between the role of the valuer and the lawyer to avoid duplication of work and related cost. The valuing of the Head Leaseholder's entitlement is a matter for the valuer although other communications and checking the section 42 Notice is within the lawyer's purview.

39. The Tribunal agreed the charge for the arranging and making of property inspections. However, the Surveyor should have been provided with plans by the Respondent when giving instructions. The Surveyor would then in the course of the inspection, with the aid of the plan be able to determine the floor area of the flats viewed and extrapolate it to those not seen. A visit to the Respondent's Offices to view the plans and the preparation of floor plans should not be necessary. Items 3 and 4 were therefore not considered chargeable.
40. The Tribunal agreed the activity and the time taken for item 5.
41. As stated, a distinction needs to be drawn between the role of the valuer and the lawyer to avoid duplication of work and related cost. Research is not chargeable for a valuer at a rate of £250.00 an hour nor is it chargeable for a Grade A solicitor. It is arguable that the issue quite properly raised by the Surveyor should have been determinable by the lawyer or that the lawyer will recognise its difficulty and instruct counsel. The issue is one that should be identified and acted upon by the professional engaged and not after 5 hours of consideration which is then charged to the client or Leaseholder. Item 6 is therefore not chargeable.
42. The Tribunal agree that Item 7 is a fundamental part of the valuation. However, in this instance it should have been carried out in four hours not eight. Mr Reeve stated that the time taken took into account that each of the calculations had to be carried out individually because the date on each section 42 Notice was different and therefore the valuation date was different.
43. Mr Williams in his statement said that all the Section 42 Notices were served on the Landlord on the same day and no evidence has been brought to contradict this. The Tribunal finds that on the balance of probabilities, there being one solicitor representing all the Leaseholders, that this is correct. Under paragraph 3(2) of Part II of Schedule 13 of the 1993 Act "the value of any such interest of the landlord as is mentioned in sub-paragraph (1)(a) or (b) is the amount which at the relevant date that interest might be expected to realise". Section 39(8) states: "In this Chapter "the relevant date", in relation to a claim by a tenant under this Chapter, means the date on which notice of the claim is given to the landlord under section 42".
44. Since the amendments of the Commonhold and Leasehold Reform Act 2002 the "valuation date" is referred to in the legislation as the "relevant date" which is the date on which the Notice is "given" to the landlord. Therefore, in this case the valuation date should be the same for all the claims as the Notices were given/served/received on the same day therefore the calculations (copies of which

were provided) should also be the same. It follows that the date on which the landlord may serve a counter notice is not less than two months after the Notice is “given” to the landlord section 42 (3)(f) and (5) of the 1993 Act.

45. Therefore, taking into account the valuation element of Mr Reeve’s work, the proximity, similarity and value of the Properties and the calculations required, the Tribunal determines that on a time basis a reasonable total charge is £3,250.00. The fee for each Applicant is £406.25 plus VAT. The Tribunal’s decision is summarised in the table below.

	Ref	Activity	Respondent		Tribunal	
			Time	£	Time	£
1	a	Receive instructions from Client. Contact Client’s Solicitor	2 hrs	500	1 hr	250
2	c	Arrange & make property inspections	4 hrs	1,000	Agreed	1,000
3	d	Inspect historical records at Client’s Office	3 hrs	750	Included in a & c	0
4	e	Prepare floor plans and measure gross area	3 hrs	750	Included in a & c	0
5	f/g	Undertake market research to establish property values	4 hrs	1,000	Agreed	1,000
5	h	Undertake detailed research into relevant case law	5 hrs	1,250	Included in legal costs	0
7	i	Prepare 8 valuations. Report to Client. Instruct solicitor re s 45	6 hrs	1,500	4 hours	1,000
		Total	27 hrs	6,750	12 hrs 30 mins	3,250
		Fee per Property		844		406.25
		Fee charged per Property		700		
		VAT @ 20%		140		81.25
		Total per Property including VAT		840		487.50

Tribunal’s Decision re Legal Fees

46. The Tribunal noted that the Respondent’s Solicitor was irritated by the Applicant’s Solicitor indicating that the fees were not agreed as reasonable just before completion. Nevertheless, it is understood from copies of the emails provided that payment was received for the full amount demanded on 11th July 2019 in accordance with section 56(3). The Applicants have subsequently applied to the Tribunal to ascertain the costs payable.

47. The Respondent's Solicitor had provided very little detail in respect of the charges said to be incurred although it was clear that an hourly rate was applied and not a fixed fee. The Tribunal also found that the Applicants had not appreciated the legal work required for a lease extension. Therefore, the Tribunal sets out below from its knowledge and experience the tasks generally required of the landlord's solicitor following receipt of a s 42 Notice. These might be considered in three stages.
48. The first stage is to peruse and consider the Section 42 Notice received to check its validity and accuracy. Then to peruse and consider the title documentation including any head lease and underlease, in this case there is a head lease, and to cross-reference the leasehold, head lease and freehold documents with the section 42 Notice. This stage is chargeable under Section 60(1)(a).
49. This on average should take a Grade A solicitor experienced in these matters about an hour for each claim.
50. The second stage is to draft the section 45 Counter Notice following receipt of the surveyors' valuation if the premium set out in the section 42 notice is considered insufficient. This stage is chargeable under Section 60(1)(c) in so far as it informs the claimant of the premium that the landlord is prepared to accept or negotiate following the valuation by the landlord's surveyor.
51. This should take an experienced Grade A solicitor about half an hour for each lease.
52. The third stage is to draft the lease extension deed, finalise the agreed form, engross the lease and calculate and draft the completion statement. This stage is chargeable under Section 60(1)(c).
53. This should take an experienced Grade A solicitor about an hour for each lease.
54. In addition to this work there are communications with:
 - The client to request information, inform of progress and to obtain execution of the lease;
 - The surveyor to instruct and possibly discuss the valuation;
 - The claimant's solicitor to request information, agree the deed granting the lease extension;
 - Other parties which in this case were the Head Leaseholder, being the Management Company, and Counsel.
55. The Tribunal accepted the hourly rate of £250.00 notwithstanding that it appeared that all the work was carried out by a Grade A solicitor without delegation to a more junior fee earner. However, in doing so the Tribunal expected the work would be carried out expeditiously and that included in the rate would be an allowance for administrative work such as diarising, internal communication and tasks such as checking the statutory deposit. It is standard

practice that the reading of letters received are not charged as this cost is reflected in any work that is subsequently carried out e.g. the perusal and consideration of a Section 42 Notice.

56. Firstly, with regard to the costs charged, the Tribunal considered the time taken to carry out the work identified in the three stages referred to above for each of the lease extensions.
57. The time allowed of 2 hours 48 minutes in the Schedule of Costs provided for Flat 18 Earleswood Court for this work, broadly corresponds to the time the Tribunal considers reasonable. Although the Leaseholder of Flat 18 did not complete the lease extension, it appears from the hand written annotation that the Leaseholder has been charged the full fee of £1,590.00 for all the costs said to have been incurred.
58. The Applicants submitted that the work is the same for each lease extension and a discount should be given for this work, significantly reducing the cost. Whereas the Tribunal agrees that some work might be repetitive, nevertheless at the first stage an individualistic approach needs to be taken on the grounds of due diligence to ensure, for example, the leaseholders qualify and the leases are the same. Indeed, in the present case the Leaseholder of Flat 5 was not qualified to claim a lease extension.
59. However, having undertaken the first stage, in this case the solicitor will have found that a saving can be made in respect of communications as all the Leaseholders have instructed the same solicitor and that, following the valuation, the section 45 Counter Notice is likely to be in like form for each of the claims. Therefore, a moiety should be given or the charge should reflect less time spent on a task or fewer communications necessary.
60. Whereas there may be some saving on the lease extensions being in like form, nevertheless, this is likely to be limited as each will need to be individually checked.
61. With regard to the second stage which relates to the drafting of the section 45 Counter Notice, the Tribunal found, from a copy provided of an email from Mr Reeve, the Respondent's Surveyor, to Mr Jarvis, the Respondent's Solicitor, dated 2nd April 2019, that Mr Reeve had identified a possible problem with the drafting of the section 45 Counter Notice. Whereas it was quite proper for Mr Reeve to raise the point with Mr Jarvis, he should not have sought to charge for the 5 hours he spent considering it, before referring to the solicitor. The issue is a legal one which Mr Jarvis as a Grade A solicitor, experienced in the area, should have been able to deal with or be able to recognise that it is a matter to be referred to Counsel, which is in fact what happened.
62. The Receipt for Counsel's fees was provided which gave them as being a total of £600.00 (£500.00 plus £100 VAT).

63. Mr Jarvis does not appear to have addressed the issue raised by Mr Reeve but by instructing Counsel has delegated at least some of the preparation of the Section 45 Notice. The Tribunal therefore finds it reasonable to allow Counsel's Fees but that the time allocated for preparing and drafting each of the section 45 Counter Notices should be limited to 30 minutes.
64. The Tribunal therefore finds that the work carried out is 2 hours 30 minutes @ £250.00 per hour. Therefore, the total reasonable charge is determined to be £625.00 plus VAT for the work in relation to each lease extension and £500 plus VAT for Counsel's fees shared between the eight Applicants.
65. Secondly the Tribunal considered the communications charged for by the Solicitor.
66. The Schedule of Costs provided for 18 Earleswood stated that there were 24 letters and emails out @ £25 each and 1 telephone call @ £25.00 in respect of each lease extension. A Schedule of Costs was also provided regarding Counsel's fees showed an additional 9 letters/emails out @ £25.00 and a telephone call @ £25.00. Presumably this refers to the giving of instructions to Counsel.
67. Whereas it is accepted that the number attributed to the letters and emails may actually refer to 6 minute units rather than individual letters or emails, nevertheless, taking into account that there is only one client and one solicitor acting for all the Leaseholders, 192 units or 19 hours 12 minutes, equating to £4,750.00 on written communications appears to the Tribunal to be excessive. The charge of £250.00 for instructing Counsel also appears excessive for the issue Mr Reeve raises in the email of 2nd April 2019.
68. In the absence of any explanation as to the high number of units attributed to written communications the Tribunal used its experience and knowledge, taking into account that there is one client, one solicitor representing all the leaseholders and the instructions that it considered would have been sent to Counsel, it is determined that a reasonable number of units attributed to written communications to be shared across all the Applicants is 30 @ £25.00 being a total of £750.00. The total number of units attributed to telephone calls of 9 @ £25.00 being £225.00 is determined to be reasonable shared across the Applicants.
69. The Tribunal considered whether a reduction to the fees should be made for the Leaseholder of Flat 18 as the lease extension was not completed. The Tribunal finds that before it was known that the lease extension would not proceed, the valuation and all the legal work except the execution (and payment) of the lease extension. had been carried out. Taking into account the late stage of withdrawal and the collective nature of the transaction the Tribunal determines that there should be no reduction in costs payable by the Leaseholder of Flat 18.

70.	The Legal Costs payable by each Applicant are therefore as follows:	
	Work undertaken	£625.00
	Counsel's fees £500 excluding VAT between 8 Applicants	£62.25
	Written Communications £750.00 between 8 Applicants	£93.75
	Telephone communications £225.00 between 8 Applicants	<u>£28.13</u>
	Total excluding VAT	£809.13
	VAT @ 20%	<u>£161.83</u>
	Total including VAT (Includes VAT on Counsel's fees)	£970.96
	Land Registry Fee of £12 between 8 Applicants	<u>£1.50</u>
	Total payable by each Applicant	£972.46

Summary of Decision

71. The Tribunal determines that the reasonable Valuation Costs of the Respondent payable by each of the Applicants pursuant to section 60 of the Leasehold Reform and Urban Development Act 1993 are £487.50 including VAT.
72. The Tribunal determines that the reasonable Legal Costs of the Respondent payable by each of the Applicants pursuant to section 60 of the Leasehold Reform and Urban Development Act 1993 are £972.46 including VAT.

Judge JR Morris

Annex 1 – The Law

Costs incurred in connection with new lease to be paid by tenant.

- (1) Where a notice is given under section 42, then (subject to the provisions of this section) the tenant by whom it is given shall be liable, to the extent that they have been incurred by any relevant person in pursuance of the notice, for the reasonable costs of and incidental to any of the following matters, namely—
 - (a) any investigation reasonably undertaken of the tenant’s right to a new lease;
 - (b) any valuation of the tenant’s flat obtained for the purpose of fixing the premium or any other amount payable by virtue of Schedule 13 in connection with the grant of a new lease under section 56;
 - (c) the grant of a new lease under that section;but this subsection shall not apply to any costs if on a sale made voluntarily a stipulation that they were to be borne by the purchaser would be void.
- (2) For the purposes of subsection (1) any costs incurred by a relevant person in respect of professional services rendered by any person shall only be regarded as reasonable if and to the extent that costs in respect of such services might reasonably be expected to have been incurred by him if the circumstances had been such that he was personally liable for all such costs.
- (3) Where by virtue of any provision of this Chapter the tenant’s notice ceases to have effect, or is deemed to have been withdrawn, at any time, then (subject to subsection (4)) the tenant’s liability under this section for costs incurred by any person shall be a liability for costs incurred by him down to that time.
- (4) A tenant shall not be liable for any costs under this section if the tenant’s notice ceases to have effect by virtue of section 47(1) or 55(2).
- (5) A tenant shall not be liable under this section for any costs which a party to any proceedings under this Chapter before a leasehold valuation tribunal incurs in connection with the proceedings.
- (6) In this section “relevant person”, in relation to a claim by a tenant under this Chapter, means the landlord for the purposes of this Chapter, any other landlord (as defined by section 40(4)) or any third party to the tenant’s lease.

Annex 2 – Right of Appeal

1. If a party wishes to appeal this decision to the Upper Tribunal (Lands Chamber) then a written application for permission must be made to the First-tier Tribunal at the Regional office, which has been dealing with the case.
2. The application for permission to appeal must arrive at the Regional office within 28 days after the Tribunal sends written reasons for the decision to the person making the application.
3. If the application is not made within the 28 day time limit, such application must include a request for an extension of time and the reason for not complying with the 28 day time limit; the Tribunal will then look at such reason(s) and decide whether to allow the application for permission to appeal to proceed despite not being within the time limit.
4. The application for permission to appeal must identify the decision of the Tribunal to which it relates (i.e. give the date, the property and the case number), state the grounds of appeal, and state the result the party making the application is seeking.