



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

Case Reference : **LON/00BG/LSC/2020/0047 V**

Property : **Flat 7 Ivy House, 76-78 Nelson Street,
London E1 2DY**

Applicant : **Nick Tucker**

Respondent : **KTMS Realty Ltd**

Representative : **Mr Syed Mohammad Siddique
Mahmood Bokhari, manager**

Type of Application : **Payability of service charges**

Tribunal Members : **Judge Nicol
Mr A Harris LLM FRICS FCIArb**

**Date and Venue of
Hearing** : **7th September 2020; by video
conference**

Date of Decision : **8th September 2020**

DECISION

The Tribunal has determined that the service charges challenged in this application are reasonable and payable, save for the reductions detailed in the schedule in Appendix 1 to this decision in relation to:

- (a) Insurance – reduced by 38%;
- (b) Management fees – reduced by 20%, plus 2018 increase capped;
- (c) Fire Systems Maintenance in 2017 – reduced;
- (d) Door Entry Systems in 2017 – reduced;
- (e) Courtyard Maintenance in 2018 – reduced;
- (f) Redecorations in 2018 – disallowed; and
- (g) Bank Charges in 2018 – disallowed.

The Tribunal's reasons

1. The Applicant is the lessee of the subject property, one of 14 flats in two blocks, built in 2011/12, which share commercial premises on the ground floor and basement and a first floor courtyard. One block, Ivy House, fronts on to Nelson Street, the other, Cheltenham House, on to Commercial Road. The Respondent is the freeholder.
2. The Applicant seeks a determination under section 27A of the Landlord and Tenant Act 1985 of service charges demanded in respect of the four years 2015-2018 inclusive.
3. The application was heard by remote video conferencing on 7th August 2020. The attendees were:
 - The Applicant representing himself; and
 - Mr Syed Mohammad Siddique Mahmood Bokhari, the manager of the building and brother of Mr Syed Mohammad Tariq Mahmood Bokhari, the director of the Respondent company who cannot attend because he is part-paralysed and bed-bound due to a spinal cord injury suffered in an accident 13 years ago. Mr SMSM Bokhari was also part of the team which developed the property and now lives in one of the flats.
4. The Applicant was responsible for producing a paginated e-bundle of relevant documents for the hearing in accordance with the Tribunal's directions but was unable to do so. Instead, he produced an index listing 15 separate sections. Some of these sections were missing in the documents before the Tribunal and the contents, often comprising numerous separate documents, had to be emailed through during the hearing. The lack of pagination meant that the Tribunal could not identify for itself which documents may have been missing and relied on the parties to identify documents on which they wished to rely.
5. Between them, the parties compiled a Schedule of items in dispute with columns setting out their respective cases on each item. The Tribunal has inserted its own comments in the final column and the completed Schedule is attached to this decision as Appendix 1. (Appendix 2 contains relevant statutory material.)
6. The Applicant's primary concern is transparency. He and his fellow lessees want to be able to see where and how their money is being spent. The service charges have not been transparent, in substantial part due to two issues:
 - (a) Unspecified problems meant that Mr Bokhari, as the Respondent's manager, did not produce the certificate containing a summary of the expenses which comprise the service charges for 2015 or 2016 as required by clause 8.3 of the Applicant's lease. Instead, on 12th July 2018, the Respondent's then accountants, Cosmo Accountancy, produced an income and expenditure account for 3 years, 2015-17. There were

problems with the accuracy of these accounts, as discussed further below.

- (b) The Respondent changed their accountants to MK Vision who produced an income and expenditure account for 2018. When the Respondent asked for paperwork to be returned, MK Vision apparently boxed it up and sent it to the Respondent company's registered address which had not been occupied for some time. The box went missing and Mr SMSM Bokhari attended the Tribunal hearing without numerous invoices which should have been in his possession. Far and away the Applicant's most frequent complaint was that there were no invoices to support the figures in the service charge statements.
7. The Tribunal found Mr SMSM Bokhari to be a generally honest witness. He was prepared to concede factual issues which were against the Respondent's interests, even changing his mind when confronted with evidence which contradicted his original position and accepting points that had not occurred to him until the Tribunal put them to him. His memory was also imperfect as would be expected in the absence of much of the paperwork and he struggled sometimes to remember relevant details. However, the flaws in his memory also made him unreliable on some aspects and the Tribunal had to look to other evidence to help fill in the gaps.
 8. That evidence included the accounts. They were prepared by independent accountants. They did not purport to be full audits but were said to be based on the documents the accountants were supplied with. Where it could have been expected that the accountants would have had access to full documentation, such as for the electricity supply, then the Tribunal accepted that their figures constituted reasonably reliable evidence of the costs incurred. However, there is no doubt that there were some errors.
 9. For example, the figure given for "Light Fittings and Bulb replacement" in 2015 was £122.94. It could be seen from the items detailed on it that the only invoice for that amount was in respect of other matters. It seems that the accountants ascribed the wrong invoice to that category. This brings into question whether they did so in other categories as well. Having said that, this does not mean that there was any over-charge. On the contrary, from amongst the available 2015 invoices, the Tribunal identified three involving the purchase of light bulbs, the cost of which exceeded the sum of £122.94. It seems that this amount was actually an under-charge and, therefore, reasonable.
 10. The Applicant was suspicious of Mr SMSM Bokhari's honesty due to the absence of so much relevant paperwork. However, he conceded that he had no evidence beyond that to suggest that Mr SMSM Bokhari was dishonest or that he or his accountants had acted in an unprofessional or corrupt manner.
 11. Having said that, the Tribunal would have expected there to be more paperwork. The only documents before the Tribunal from the years

2015-18 were those which had been in electronic form before MK Vision mislaid the paper documents – Mr SMSM Bokhari had been able to retrieve them from previous email correspondence. The Tribunal put to Mr SMSM Bokhari during the hearing that he could have recovered at least some of the lost documents through the relevant contractor’s online provision. For example, the electricity supplier has been British Gas throughout the relevant period and still is – past bills should be downloadable from their website. Similarly, it should be easy enough to obtain details from the relevant bank of the bank charges included in the service charges for 2018. Mr SMSM Bokhari conceded that he had not tried to retrieve such documents online and didn’t really have an excuse.

12. The Tribunal had no reason to doubt the Applicant’s honesty but, unlike Mr SMSM Bokhari, he does not live at the property – his sons have lived there and he has visited roughly every two weeks. His submissions were based principally on the documents or their absence. He did not bring any witnesses.
13. The Tribunal’s decision on each disputed item of the service charges is set out in the Schedule in Appendix 1 but there are some matters which require more detail than fits into the Schedule.

Insurance

14. The Respondent has obtained buildings insurance annually through brokers. Mr SMSM Bokhari admitted, however, that the insurance had been for the whole building, including the commercial parts, while the entire premium had been put onto the service charge. He conceded that the Applicant was entitled to a refund representing the share of the premium attributable to the commercial premises but also admitted that he had not calculated what that refund should be.
15. Over the lunch break, Mr SMSM Bokhari phoned the brokers but they said there was no breakdown of the premium between the commercial and residential parts which they would normally leave to the building owners. Instead, he was told that the apportionment could either be done by unit or by floor area.
16. At first, Mr SMSM Bokhari suggested that the apportionment could be done by unit. The building contains 14 flats, 2 commercial units and one office. The office contributes to the service charge so 2 out of 17 do not. On that basis, the Applicant would be entitled to a refund of 2/17.
17. In support of this, Mr SMSM Bokhari pointed out that there are reasons to think that the highly-specified residential premises would represent a greater insurance risk than the shell and core commercial premises.
18. On the other hand, the Applicant pointed to the building plans which showed that the commercial premises, stretching from Commercial Road to Nelson Street, were considerably larger than the footprint of either of the residential blocks and suggested that a 50-50 split was more appropriate.

19. Neither party was aware of the precise floor area of any part of the building. Mr SMSM Bokhari suggested that the commercial premises were around 2000 square feet each but planning documents, including property details from Stirling Ackroyd as letting agents, suggested they were 4000 square feet each. Mr SMSM Bokhari said he thought each floor of the residential blocks was 1,300 square feet.
20. These figures suggest that the floor area of the commercial premises represents approximately 38% of the whole. In the circumstances, particularly the absence of any better evidence, the Tribunal has decided that a reasonable apportionment of the insurance premium to the service charges would be no more than 62%.

Electricity

21. The Tribunal has no criticism of the Applicant for querying the service charges in each of the four years for electricity, given the lack of documentation. However, the figures come from the accounts, compiled from documentation which has since gone missing. The Tribunal accepts the accountants' figures for the cost of electricity.
22. The Applicant queried how the figure could be this high based on his understanding of what use is made of electricity in his building but he had clearly not taken into account all the installations in the common parts which use electricity.
23. The Applicant also queried why bills were estimated but there is no dispute that the meters were read from time to time so that any estimates would be superseded by actual readings in due course. Any over-charge due to over-estimates would be balanced when actual readings were taken and the Applicant would receive credit for any overpayment.

Cleaning

24. Mr SMSM Bokhari explained that he employed two individuals to attend the property for 5 hours a week, attending on Mondays and Tuesdays, for £120 per week. This would be supplemented by the occasional deeper clean. The Applicant accepted that this was a reasonable cost in itself but complained about the standard of the service.
25. The Applicant's evidence of the alleged poor quality of the cleaning came from the following documents (he had sent an email to his neighbours asking them to send him copies of any complaints about the cleaning):
 - In a letter dated 17th March 2017 Peter Voit, a neighbour at Flat 4, complained "about the very poor upkeep of the communal parts".
 - In an email dated 15th May 2017 Mr Voit further complained that "the upkeep of Ivy House has deteriorated quite a bit" and "the communal parts of Ivy House are filthy and have not been cleaned in some time".
 - In a text dated 28th September 2018 the Applicant's son complained to Mr SMSM Bokhari that the cleaning was "just so poor" and "They make more mess than there is when they start."

- In an email dated 3rd May 2020 Ms Carolina Albero complained that “the state of the building is appalling. No cleaning takes place ever.”
26. Mr SMSM Bokhari vigorously denied the accusation of a poor cleaning service. He said he was very keen on cleanliness and would make use of his own cleaning equipment if he ever saw anything which required attention.
 27. The Applicant could have brought witnesses to the Tribunal who could have attested as to the alleged poor cleaning service and who could have been subjected to questions. The above quotes contain a degree of hyperbole and are expressed in a general way. The complaints often accompanied parallel complaints about occupants in short-term lets who were acting in an anti-social way. The Tribunal has no difficulty accepting that, in between the cleaners’ weekly visits, some occupants or homeless interlopers mentioned by Mr SMSM Bokhari, could have left an unpleasant mess but it is not clear to what extent the complainants are referring to more than that.
 28. Cash payments to the cleaners were recorded on coupons which went the same way as the other documents mislaid by MK Vision. However, the sums for cleaning in the service charges are consistent with Mr SMSM Bokhari’s description of how they are incurred. The Tribunal is satisfied that the accountants’ figures for cleaning should be accepted. The Tribunal is not satisfied on the evidence presented to it that the sums should be reduced on the basis of an allegedly poor service.

Management fees

29. Mr SMSM Bokhari has always managed the property himself, in later years with administrative assistance from Ms Shazia Hussain. In the absence of any problems, the Tribunal would regard the amount charged in the years 2015-17 as being entirely reasonable, being at the lower end of charges levied for managing a property of this size and location. However, the lack of transparency arising from poor accountancy and the lost invoices is a serious management flaw. For this reason, the Tribunal has determined that, to be regarded as reasonable, this charge must be reduced by 20%.
30. In 2018 Mr SMSM Bokhari increased the management fees by 63% to take account of Ms Hussain’s employment and what he said was an increased personal workload. He also pointed to the fact that, in previous years, he has frequently not charged for his time in doing things like supplementing the cleaning and being on call to the residents (who have his personal mobile number).
31. The Tribunal accepts that these matters justify an increase in the management fees but Mr SMSM Bokhari has a conflict of interest. For that reason, at the very least there should have been some form of consultation with the lessees and/or some degree of market testing to ensure value for money. Also, his failure to charge for his time or to

increase the management fees earlier is not the lessees' fault and cannot justify such a large increase in one go. In the circumstances, a reasonable increase for 2018 would have been no more than 20%. Having said that, the aforementioned 20% decrease due to the lack of transparency applies equally to the management fees for 2018.

Reserves

32. The Applicant did not dispute the good sense in the Respondent running a reserve fund for anticipated future expenditure but, again, complained of the lack of information. In particular, he asked for evidence of the contribution and where it was held.
33. The Respondent has provided the details of the bank account where the reserve fund is held. Mr SMSM Bokhari explained that the reserve fund is made up of retained service charge surpluses.
34. It is poor practice to compile the reserve fund from retained surpluses. Such surpluses vary in amounts unrelated to the need for money to cover future expenditure. A landlord or their agent should consider the likely future needs of the property and seek to recover a reasonable percentage of the amount required to meet those needs.
35. In fact, Mr SMSM Bokhari described the likely future needs. They include a full decorations programme, given that none has taken place since the building was completed in 2012, repair or replacement of the lifts and replacement of the water booster. Also, it is noted that the reserves have been used to make up shortfalls between income and expenditure. Mr SMSM Bokhari said that none of the lessees have paid their service charges this year, meaning that the reserves are likely to be drawn on again.
36. The Tribunal is satisfied that the amounts which have been listed in the accounts as contributions to the reserves are comfortably within the range for what would constitute a reasonable charge.

Conclusion

37. For the reasons given in the decision above and in Appendix 1, the Tribunal has determined that the service charges are reasonable and payable other than as set out in the Schedule in Appendix 1
38. Mr SMSM Bokhari told the Tribunal that the Respondent would not seek to recover any costs incurred in these proceedings, on the basis of which the Applicant did not pursue his applications under section 20C of the Landlord and Tenant Act 1985 or paragraph 5A of Schedule 11 of the Commonhold and Leasehold Reform Act 2002.

Name: Judge Nicol

Date: 8th September 2020

Appendix 1 – Schedule of Disputed Items

2015

ITEM	COST	APPLICANT'S SHARE – 6.2%	APPLICANT'S COMMENTS	RESPONDENT'S COMMENTS	TRIBUNAL'S COMMENTS
Insurance	£3,158.93	£195.85	Invoice provided. Agreed subject to evidence that this relates only to the upper parts and excludes the Ground and Lower Ground commercial units.	Agreed. Building insurance is required for the buildings as a whole but charged as commercial and residential parts.	In accordance with the reasoning at paragraphs 12-18 in the decision above, the Applicant's service charge for insurance is reduced to £121.43.
Electricity	£3,556.43	£220.50	Not agreed. The only documentation provided is estimated invoices in the sums of £6,159.61 and £7,238.44 relating to period October 2019 to January 2020. Both these invoices show a substantial unpaid balance and it would appear the landlord has not been making regular payments.	As advised, these invoices are no longer available. There is outstanding balance due for 2019 and 2020 that needs to be made. The estimated bills reflect previous usage and this annual figure is in line with usage. Previous payments have fallen over periods and this figure has been calculated for the period, even if the payment was not made in that period.	In accordance with the reasoning at paragraphs 21-23 in the decision above, this amount is reasonable and payable.
Water	£77.04	£4.78	Not agreed. No invoice provided. No evidence of payment being made.	This is a very modest amount and is made up mainly of standing charge rather than usage.	Very little use is made of water in the common parts. Mr SMSM Bokhari thought the cleaners got their water from his office. This is effectively just the standing charge. There is no

					reason to doubt the accountants' figures for water. This amount is reasonable and payable.
Communal Areas Cleaning	£5,876.87	£364.37	Not agreed. No invoice provided. The cleaning is sporadic and of poor quality. This complaint has been made to the landlord on numerous occasions. There is no evidence of a cleaning contract in place.	Wholly disagree. The communal areas are always kept clean and are cleaned once a week on a Monday by 1 person for 8 hours at £12 per hour cash in hand (used to be 2 people for 5 hours) per week. I myself spend 2-3 hours having to clear up after people having taken a leaking rubbish bag through the staircase or lift or the homeless people who gain entry and make a mess. A cleaning company would charge much more than the budgeted £100-150 per week for a full clean and a partial clean per week. There are no records of any resident ever complaining about the quality of cleaning or questioning it having been done.	In accordance with the reasoning in paragraphs 24-28 of the decision above, the Tribunal has determined that the charge relating to cleaning is reasonable and payable.
Lifts Maintenance	£2,488	£154.26	Not agreed. One invoice provided for relevant period of £588. Another invoice provided in the sum of £1,900 of which £240 relates to the relevant period. We are therefore prepared to pay £828.	The 2 lifts have never broken down and this is because of regular servicing 4 times a year by the same company since 2012, Direct Lift Services. At times new parts for the doors have been needed namely to replace a sensor. The price agreed is very competitive and the people are local so if there is an emergency	The invoice for £1,900 was not divided between the service charge years during which the work was carried out, as the Applicant thought it should, but was put entirely into this year because that was when the invoice arrived (it was dated 1 st February 2015). On that basis, the Applicant accepted that the figure is correct and payable.

				which fortunately there has not, they could come very quickly.	
Light Fittings and Bulb replacement	£122.94	£7.62	Not agreed. The invoice provided for the sum of £122.94 clearly relates to repair work to one of the landlord's apartments. It includes items such as door handles, door locks and paint.	This is not a fair assumption made by the tenant. It would not be proper for the landlord to use service charge monies for other properties and this is not necessary and has never happened.	In accordance with paragraph 9 of the decision above, the Tribunal is satisfied that this is an under-charge and is reasonable.
General Maintenance	£1,678	£104.04	Not agreed. No invoices provided or evidence of payment made.	General maintenance would cover any works required which are not under any specific heading. This can be for a wide variety of works such as painting of walls or taking out of stains in marble. See Screwfix invoices.	The Respondent provided invoices which were clearly for service chargeable matters and which were put in categories in later years which the accountants had not used in 2015, e.g. SE Controls were the contractors for the fire safety installations and attended quarterly at a cost of over £1,000 per year. There are more than enough costs evidenced by invoices dated 2015 to account for this amount and which are not included anywhere else in the 2015 accounts. It is unsatisfactory that the accountants may have mis-categorised costs genuinely incurred but such errors, by themselves, are not enough to render service charges unreasonable. Therefore, this charge is reasonable and payable.

Management Fees	£3,368	£208.82	Not agreed. No invoices provided or evidence of payment made.	Management fee has been for me for managing the block and one other part time helper. This is a very modest sum considering my involvement in the development, my expertise and the personal service I provide.	In accordance with the reasoning in paragraphs 29-31 of the decision above, this charge must be reduced by 20%. The amount chargeable to the Applicant for 2015 is no more than £167.06.
Contribution to Reserves	£7,134.95	£442.37	Please provide evidence of contribution made and where it is being held.	It is being held with Handelsbank, account number: ****, sort code: ****. We have been fortunate to hold reserves for when we will need it.	While the Tribunal is concerned that the reserve fund contributions have not been calculated in accordance with good practice, the Tribunal is satisfied that they are reasonable and payable in accordance with the reasoning in paragraphs 32-36 of the decision above.

2016

ITEM	COST	APPLICANT'S SHARE – 6.2%	APPLICANT'S COMMENTS	RESPONDENT'S COMMENTS	TRIBUNAL'S COMMENTS
Insurance	£3,337.53	£206.93	Invoice provided. Agreed subject to evidence that this relates only to the upper parts and excludes the Ground and Lower Ground commercial units.	Agreed. Building insurance is required for the buildings as a whole but charged as commercial and residential parts.	In accordance with the reasoning at paragraphs 12-18 in the decision above, the Applicant's service charge for insurance for 2016 is reduced to £128.30.
Electricity	£4,620.70	£286.48	Not agreed. The only documentation provided is estimated invoices in the sums of	As advised, these invoices are no longer available.	See the entry for 2015.

			£6,159.61 and £7,238.44 relating to period October 2019 to January 2020. Both these invoices show a substantial unpaid balance and it would appear the landlord has not been making regular payments.	There is outstanding balance due for 2019 and 2020 that needs to be made. The estimated bills reflect previous usage and this annual figure is in line with usage. Previous payments have fallen over periods and this figure has been calculated for the period, even if the payment was not made in that period.	
Water	£125.84	£7.80	Not agreed. No invoice provided. No evidence of payment being made.	This is a very modest amount and is made up mainly of standing charge rather than usage.	See the entry for 2015.
Communal Areas Cleaning	£6,245.65	£387.23	Not agreed. No invoice provided. The cleaning is sporadic and of poor quality. This complaint has been made to the landlord on numerous occasions. There is no evidence of a cleaning contract in place.	Wholly disagree. The communal areas are always kept clean and are cleaned once a week on a Monday by 1 person for 8 hours at £12 per hour cash in hand (used to be 2 people for 5 hours) per week. I myself spend 2-3 hours having to clear up after people having taken a leaking rubbish bag through the staircase or lift or the homeless people who gain entry and make a mess. A cleaning company would charge much more than the budgeted £100-150 per week for a full clean and a partial clean per week. There are no records of any resident ever complaining about	See the entry for 2015.

				the quality of cleaning or questioning it having been done.	
Lifts Maintenance	£920	£57.04	Agreed. Invoices provided in the sums of £380 and £540.	Agreed.	
Fire Systems Maintenance	£268.20	£16.63	Agreed. Invoice provided.	Agreed.	
Water Booster and Tank Maintenance	£487.20	£30.21	Agreed. Statement provided together with evidence of payment.	Agreed.	
Light Fittings and Bulb replacement	£83.80	£5.20	Agreed. Invoice provided in the sum of £83.80 for 20 x light bulbs.	Agreed.	
General Maintenance	£1,376.78	£85.36	Not agreed. No invoices provided or evidence of payment made.	General maintenance would cover any works required which are not under any specific heading. This can be for a wide variety of works such as painting of walls or taking out of stains in marble. See screwfix invoices.	The Tribunal is satisfied that there is sufficient evidence of relevant expenditure in invoices so that, in this instance, it is possible to rely on the figures in the accounts. Therefore, these charges are reasonable and payable.
Management Fees	£3,368	£208.82	Not agreed. No invoices provided or evidence of payment made.	Management fee has been for me for managing the block and one other part time helper. This is a very modest sum considering my involvement in the development, my expertise and the personal service I provide.	In accordance with the reasoning in paragraphs 29-31 of the decision above, this charge must be reduced by 20%. The amount chargeable to the Applicant for 2016 is no more than £167.06.

Contribution to Reserves	£6,887.86	£427.05	Please provide evidence of contribution made and where it is being held.	It is being held with Handelsbank, account number: ****, sort code: ****. We have been fortunate to hold reserves for when we will need it.	See the entry for 2015.
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2017

ITEM	COST	APPLICANT'S SHARE – 6.2%	APPLICANT'S COMMENTS	RESPONDENT'S COMMENTS	TRIBUNAL'S COMMENTS
Insurance	£3,033.32	£188.07	Invoice provided. Agreed subject to evidence that this relates only to the upper parts and excludes the Ground and Lower Ground commercial units.	Agreed. Building insurance is required for the buildings as a whole but charged as commercial and residential parts.	In accordance with the reasoning at paragraphs 12-18 in the decision above, the Applicant's service charge for insurance for 2017 is reduced to £116.60.
Electricity	£3,713.36	£230.23	Not agreed. The only documentation provided is estimated invoices in the sums of £6,159.61 and £7,238.44 relating to period October 2019 to January 2020. Both these invoices show a substantial unpaid balance and it would appear the landlord has not been making regular payments.	As advised, these invoices are no longer available. There is outstanding balance due for 2019 and 2020 that needs to be made. The estimated bills reflect previous usage and this annual figure is in line with usage. Previous payments have fallen over periods and this figure has been calculated for the period, even if the payment was not made in that period.	See the entry for 2015.

Water	£181.92	£11.28	Not agreed. No invoice provided. No evidence of payment being made.	This is a very modest amount and is made up mainly of standing charge rather than usage.	See the entry for 2015.
Communal Areas Cleaning	£6,765.76	£419.48	Not agreed. No invoice provided. The cleaning is sporadic and of poor quality. This complaint has been made to the landlord on numerous occasions. There is no evidence of a cleaning contract in place.	Wholly disagree. The communal areas are always kept clean and are cleaned once a week on a Monday by 1 person for 8 hours at £12 per hour cash in hand (used to be 2 people for 5 hours) per week. I myself spend 2-3 hours having to clear up after people having taken a leaking rubbish bag through the staircase or lift or the homeless people who gain entry and make a mess. A cleaning company would charge much more than the budgeted £100-150 per week for a full clean and a partial clean per week. There are no records of any resident ever complaining about the quality of cleaning or questioning it having been done.	See the entry for 2015.
Lifts Maintenance	£1,095.60	£67.93	Agreed. Two invoices provided both in the sum of £810 which exceeds the amount listed on the Income and Expenditure Account.	Agreed. It exceeds because the payment was made in the next charging year.	
Fire Systems Maintenance	£759	£47.06	Not agreed. Three invoices provided for relevant period in the sums	Please check again.	In the hearing before the Tribunal, Mr SMSM Bokhari sought to justify this charge on

			of £160.80, £268.20 and £214.80 which totals £643.80. We are therefore prepared to pay £643.80.	The Fire systems are serviced and checked twice a year by SE Controls who installed the system.	the basis that a fire risk assessment had been required. The documents only contained a quote for such an assessment which was for a price which Mr SMSM Bokhari did not recognise. In the circumstances, the Applicant's charge is limited, as he suggested, to his share of £643.80, namely £39.92.
Water Booster and Tank Maintenance	£536.42	£33.26	Not agreed. No invoices provided or evidence of payment made.	Please see the invoices for the servicing of the booster kit and the water testing to make sure it is safe.	An invoice contained in a pdf document entitled Nelson Street.2.pdf showed a charge of £512 plus VAT in December 2017 for this category. On that basis the charge is less than it could have been and is reasonable.
Light Fittings and Bulb replacement	£62.90	£3.90	Agreed. Invoice provided in the sum of £62.90 for 10 x light bulbs.	Agreed.	
Door Entry Systems	£700	£43.40	Not agreed. No invoices provided or evidence of payment made.	As everyone will remember, the front entrance doors were not locking magnetically due to one simply failing and one being broken in to with a screwdriver; replacement magnetic locks were needed by the people who installed the doors, Emperor Shop Fitters. Invoice can be found in email and provided.	The Tribunal accepts Mr SMSM Bokhari's evidence that the front entrance door needed work from time to time but he could not provide the alleged invoice. The Tribunal does not understand why he could not have retrieved some evidence from the contractors. In the circumstances, this sum is

					reduced to the Applicant's share of £500, namely £31, because the Tribunal cannot be confident in the full amount based on the evidence provided.
General Maintenance	£1,106.03	£68.57	Not agreed. No invoices provided or evidence of payment made.	General maintenance would cover any works required which are not under any specific heading. This can be for a wide variety of works such as painting of walls or taking out of stains in marble. See screwfix invoices.	See the entry for 2016.
Roofing, Drains, Gutters	£950	£58.90	Not agreed. No invoices provided or evidence of payment made.	Invoice was provided for roofing works which were needed to repair the roof above Mr Tucker's fifth floor apartment 7 Ivy House. Mr Tucker is fully aware of these works.	During the hearing, the Applicant conceded that he had now received the relevant invoice and he no longer challenged this item.
Management Fees	£3,368	£208.82	Not agreed. No invoices provided or evidence of payment made.	Management fee has been for me for managing the block and one other part time helper. This is a very modest sum considering my involvement in the development, my expertise and the personal service I provide.	In accordance with the reasoning in paragraphs 29-31 of the decision above, this charge must be reduced by 20%. The amount chargeable to the Applicant for 2017 is no more than £167.06.
Accountancy & Audit Fees	£480	£29.76	Not agreed. No invoices provided or evidence of payment made.	These are modest fees for a chartered accountant to sign off the certificate of expenditure. Replacement invoice can be sought from the accountant if necessary.	The Applicant accepted that this was a reasonable charge given that the accounts were prepared by the accountants but put forward the aforementioned poor accountancy as a reason for reducing the management fees.

Contribution to Reserves	£4,969.25	£308.09	Please provide evidence of contribution made and where it is being held.	It is being held with Handelsbank, account number: ****, sort code: ****. We have been fortunate to hold reserves for when we will need it.	See the entry for 2015.
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2018

ITEM	COST	APPLICANT'S SHARE – 6.2%	APPLICANT'S COMMENTS	RESPONDENT'S COMMENTS	TRIBUNAL'S COMMENTS
Insurance	£3,145.35	£195.01	Invoice provided. Agreed subject to evidence that this relates only to the upper parts and excludes the Ground and Lower Ground commercial units.	Agreed. Building insurance is required for the buildings as a whole but charged as commercial and residential parts.	In accordance with the reasoning at paragraphs 12-18 in the decision above, the Applicant's service charge for insurance for 2018 is reduced to £120.91.
Electricity	£4,165.67	£258.27	Not agreed. The only documentation provided is estimated invoices in the sums of £6,159.61 and £7,238.44 relating to period October 2019 to January 2020. Both these invoices show a substantial unpaid balance and it would appear the landlord has not been making regular payments.	As advised, these invoices are no longer available. There is outstanding balance due for 2019 and 2020 that needs to be made. The estimated bills reflect previous usage and this annual figure is in line with usage. Previous payments have fallen over periods and this figure has been calculated for the period, even if the payment was not made in that period.	See the entry for 2015.

Water	£129.54	£8.03	Not agreed. No invoice provided. No evidence of payment being made.	This is a very modest amount and is made up mainly of standing charge rather than usage.	See the entry for 2015.
Communal Areas Cleaning	£7,252.00	£449.62	Not agreed. No invoice provided. The cleaning is sporadic and of poor quality. This complaint has been made to the landlord on numerous occasions. There is no evidence of a cleaning contract in place.	Wholly disagree. The communal areas are always kept clean and are cleaned once a week on a Monday by 1 person for 8 hours at £12 per hour cash in hand (used to be 2 people for 5 hours) per week. I myself spend 2-3 hours having to clear up after people having taken a leaking rubbish bag through the staircase or lift or the homeless people who gain entry and make a mess. A cleaning company would charge much more than the budgeted £100-150 per week for a full clean and a partial clean per week. There are no records of any resident ever complaining about the quality of cleaning or questioning it having been done. The cleaning cost was up this year to take account of the extra deep cleaning that was done.	See the entry for 2015.
Courtyard Maintenance	£732.78	£45.43	Not agreed. No invoice provided. No evidence of payment being made.	The Courtyard was deep cleaned with pressure washing and the painting of the side walls.	Mr SMSM Bokhari said he employed two individuals, cash in hand, to use his pressure washer and to paint. Again, the Tribunal would have expected him to be able to obtain more

					evidence and, due to a lack of confidence in this figure, it must be reduced to the Applicant's share of £500, namely £31.
Lifts Maintenance	£810	£50.22	Agreed. One invoice provided in the sum of £838.36 which exceeds the amount listed on the Income and Expenditure Account.	Agreed.	
Water Booster and Tank Maintenance	£1,896.47	£117.58	Not agreed. One invoice provided for relevant period in the sum of £307.20. We are therefore prepared to pay £307.20	Please note the invoice for the supply and install of replacement of the 80 litre vessel for £845. Please also note the invoice for tank clean to ensure water is safe. All works have always been done by AGM who installed the booster set and water tank.	In relation to these four items, the Tribunal is satisfied that there is sufficient evidence of relevant expenditure in invoices so that, in this instance, it is possible to rely on the figures in the accounts. Therefore, these charges are reasonable and payable.
Light Fittings and Bulb replacement	£375	£23.25	Not agreed. We cannot reconcile the invoices provided to the sum of £375 and many of the invoices provided relate to items such as paint brushes, paint, masking tape, carpet protection and 18 16" pedestal fans.	Admittedly some of the scewifx invoices do not relate to this development and were sent in error. However, the sum of £375 is accurate and modest if the screwfix invoices are reconciled accurately.	
Door Entry Systems	£496.31	£30.77	Not agreed. No invoices provided or evidence of payment made.	When the gas room was broken in to, the insurance company insisted on an extra lock, invoice can be found in email.	

General Maintenance	£4,752.77	£294.67	Not agreed. No invoices provided or evidence of payment made.	General maintenance would cover any works required which are not under any specific heading. This can be for a wide variety of works such as painting of walls or taking out of stains in marble. See screwfix invoices. Cash coupons for labour are missing.	
Redecorations	£468.37	£29.04	Not agreed. No invoices provided or evidence of payment made.	Please note the screwfix invoices. Labour was paid by cash in hand to a painter to save costs on a contractor.	The Tribunal does not understand why this item is not within the General Maintenance category and is not satisfied that it is sufficiently evidenced or can be justified over the figure already allowed. Therefore, this charge is not reasonable or payable.
Management Fees	£5,500	£341	Not agreed. No invoices provided or evidence of payment made. This is a 63% increase on previous years.	Management fee has been for me for managing the block and one other part time helper. This is a very modest sum considering my involvement in the development, my expertise and the personal service I provide. There has been an increase because of the need for additional support staff to deal with the chasing of arrears and arranging more works.	In accordance with the reasoning in paragraphs 29-31 of the decision above, this charge must be reduced to the Applicant's share of £4,041.60 (£3,368 + 20%) and then further reduced by 20%. The amount chargeable to the Applicant for 2016 is no more than £200.46.
Accountancy & Audit Fees	£500	£31	Not agreed. No invoices provided or evidence of payment made.	These are modest fees for a chartered accountant to sign off the certificate of expenditure. Replacement invoice can be sought from the accountant if necessary.	See the entry for 2017 above.

Health & Safety	£1,638	£101.56	Not agreed. No invoices provided or evidence of payment made.	Please see invoices from SE Controls and UK Dry Risers for their periodic testing of the 2 x dry risers in the development.	Again, the Tribunal is satisfied that there is sufficient evidence of relevant expenditure in invoices so that, in this instance, it is possible to rely on the figure in the accounts so that this charge is reasonable and payable.
Bank Charges	£310	£19.22	Not agreed. No evidence provided.	These are typical charges that have been rolled up in this charging year.	The Tribunal does not understand the lack of evidence for this charge and so holds that it is not reasonable or payable.
Contribution from Reserve	£4,450.70	£275.94	Please provide evidence of contribution from reserve as listed in the Income and Expenditure Account.	It is being held with Handelsbank, account number: ****, sort code: ****. We have been fortunate to hold reserves for when we will need it.	See the entry for 2015 above.

Appendix of relevant legislation

Landlord and Tenant Act 1985

Section 18

- (1) In the following provisions of this Act "service charge" means an amount payable by a tenant of a dwelling as part of or in addition to the rent -
 - (a) which is payable, directly or indirectly, for services, repairs, maintenance, improvements or insurance or the landlord's costs of management, and
 - (b) the whole or part of which varies or may vary according to the relevant costs.
- (2) The relevant costs are the costs or estimated costs incurred or to be incurred by or on behalf of the landlord, or a superior landlord, in connection with the matters for which the service charge is payable.
- (3) For this purpose -
 - (a) "costs" includes overheads, and
 - (b) costs are relevant costs in relation to a service charge whether they are incurred, or to be incurred, in the period for which the service charge is payable or in an earlier or later period.

Section 19

- (1) Relevant costs shall be taken into account in determining the amount of a service charge payable for a period -
 - (a) only to the extent that they are reasonably incurred, and
 - (b) where they are incurred on the provisions of services or the carrying out of works, only if the services or works are of a reasonable standard; and the amount payable shall be limited accordingly.
- (2) Where a service charge is payable before the relevant costs are incurred, no greater amount than is reasonable is so payable, and after the relevant costs have been incurred any necessary adjustment shall be made by repayment, reduction or subsequent charges or otherwise.

Section 27A

- (1) An application may be made to the appropriate tribunal for a determination whether a service charge is payable and, if it is, as to -
 - (a) the person by whom it is payable,
 - (b) the person to whom it is payable,
 - (c) the amount which is payable,
 - (d) the date at or by which it is payable, and
 - (e) the manner in which it is payable.
- (2) Subsection (1) applies whether or not any payment has been made.
- (3) An application may also be made to the appropriate tribunal for a determination whether, if costs were incurred for services, repairs, maintenance, improvements, insurance or management of any specified description, a service charge would be payable for the costs and, if it would, as to -
 - (a) the person by whom it would be payable,
 - (b) the person to whom it would be payable,
 - (c) the amount which would be payable,
 - (d) the date at or by which it would be payable, and

- (e) the manner in which it would be payable.
- (4) No application under subsection (1) or (3) may be made in respect of a matter which -
- (a) has been agreed or admitted by the tenant,
 - (b) has been, or is to be, referred to arbitration pursuant to a post-dispute arbitration agreement to which the tenant is a party,
 - (c) has been the subject of determination by a court, or
 - (d) has been the subject of determination by an arbitral tribunal pursuant to a post-dispute arbitration agreement.
- (5) But the tenant is not to be taken to have agreed or admitted any matter by reason only of having made any payment.