



The Tribunal allows the Respondent the sum of £10,518 inclusive of VAT in respect of its costs under s60 Leasehold Reform Housing and Urban Development Act 1993. The sum allowed is payable in full by the Applicants in equal proportions (one fifth each) .

## **REASONS**

- 1** This decision relates to an application for assessment of costs under s60(1) Leasehold Reform Housing and Urban Development Act 1993 (the Act) made by the tenants of the properties situated and known as Flats 1, 29, 37, 40 and 64 Zodiac Court 169 London Road Croydon CR0 2RJ (the property) in relation to a claims for extended leases by the Applicant tenants.
- 2** This matter was decided at a paper consideration held on 20 June 2022. A joint bundle of electronic documents had been filed and was considered by the Tribunal in reaching its decision.
- 3** The issues before the Tribunal were firstly whether the Respondent was entitled to costs at all and secondly, if so, whether the costs demanded were reasonable.
- 4** The factual background to the application is that the Applicants had individually served notices on the Respondent freeholder asking for extended leases of the property under the provisions of the Leasehold Reform Housing and Urban Development Act 1993. The Applicants' claims appear now to have been completed but the process seems to have been protracted by a reluctance on the part of the Applicants to accept a deed of covenant required by the Respondents' solicitors.
- 5** The Respondent's solicitors' costs schedule claims £1,260 per tenant including VAT, for dealing with the Applicants' notices and the service of the counter-notices and associated matters.
- 6** Their detailed schedule of costs suggests that the major part of the work was carried out by two very experienced solicitors in the Respondent's solicitors' firm who were charging £230 – 235 per hour for their work. These figures are wholly consistent with the hourly rates charged by senior solicitors in similar practices undertaking similar work. While it could be argued (although the Applicants did not do so) that some of the work might have been carried out by more junior staff at a lower hourly rate, the cost saving might have been minimal because the more junior staff would have taken more time to complete the same tasks. For that reason the Tribunal accepts both the hourly rates used by the Respondents' solicitors and their schedule of work as being reasonable.
- 7** The costs claimable under s60 are restricted to the landlord's investigation of the tenant's title, preparation of the counter-notice, valuation for the purpose of fixing the premium and the costs of preparation of the new lease.
- 8** These therefore are the only items which are chargeable and claimable under s60 and must in themselves be reasonable in amount.

- 9** The Applicants cited their own solicitors charges indicating a lower charge for work than that demanded by the Respondents' solicitors. The Tribunal is unable to use this as a comparator because it does not contain details of what work was done and therefore cannot be relied on as a like for like comparison. Further, it appears that the documents under discussion emanated from solicitors who were acting for tenants. The work undertaken by the Respondents' solicitors who were acting for the landlord is both different and more extensive than that of acting for a tenant and does not provide a valid comparison for these purposes.
- 10** The Applicants challenge the costs of the valuer's reports on similar grounds to the above. Their main argument is that it was not necessary for the valuer to charge a fee for each individual flat and that it would have sufficed to have one valuation and thus one fee shared between the various Applicants. Alternatively, that the valuer's costs should be minimal or discounted because multiple valuations were being carried out on the same block of flats and so the work was repetitive.
- 11** That argument is of limited appeal. While it would be true to say that the location of the flats and the structure and features of the block would be consistent in all cases, the individual flats might have a large number of variations in size, lease length, condition, fixtures etc. which would require individual adjustments in each case. The similarities or otherwise of the flats might not be evident until inspection and in any event each flat required a full written valuation to be prepared which, even using a template would necessitate time. The greater value of the multiple properties being valued would also add to the risk undertaken by the valuer for insurance purposes and therefore justify an enhanced fee.
- 12** The Tribunal accepts that in the case of a block valuation there may be some argument for a discounted fee. In the present case there is no evidence that the valuer quoted a block fee or that a large number of valuations were carried out on the same occasion. The Tribunal is aware only of applications in relation to a small number flats in this tower block and does not consider that a discounted fee would be appropriate in these circumstances.
- 13** In the present case the valuation costs for each unit were modest and the Tribunal finds them to be reasonable in the circumstances and therefore payable in full by the Applicants (£695 +VAT per unit).
- 14** The Applicants argue that a charge of £12 for HM Land Registry copy entries should not be necessary because they themselves supplied the Respondent with copy entries. Despite this generosity on the Applicants' part, it is the Respondents' right to acquire their own copies of the land registry entries and in such a case, to require the Applicants to pay for them. The modest fee of £12 for this item is therefore payable by the Applicants in equal shares between them.
- 15** The only other charge within the remit of the Applicants' responsibility is a disbursement of £30 plus VAT (total £36) representing a telegraphic transfer fee. The Respondent agree that this should only be paid once and the Tribunal allows one single sum of £36

(including VAT) to be payable in equal proportions by the Applicants.

**16** The total allowed to the Respondents by the Tribunal and payable by the Applicant under this application is £10,518 inclusive of VAT which is payable in equal shares by the Applicants to the Respondent.

**17 The Law**

**Leasehold Reform Housing and Urban Development Act 1993  
s 60(1)**

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.’

**Date 20 June 2022**

Note:

Appeals

1. A person wishing to appeal this decision to the Upper Tribunal (Lands Chamber) must seek permission to do so by making written application to the First-tier Tribunal at the Regional office which has been dealing with the case.
2. The application must arrive at the Tribunal within 28 days after the Tribunal sends to the person making the application written reasons for the decision.
3. If the person wishing to appeal does not comply with the 28-day time limit, the person shall include with the application for permission to appeal a request for an extension of time and the reason for not complying with the 28-day time limit; the Tribunal will then decide whether to extend time or not to allow the application for permission to appeal to proceed.
4. The application for permission to appeal must identify the decision of the Tribunal to which it relates, state the grounds of appeal, and state the result the party making the application is seeking.