



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

**Case Reference** : **CAM/26UK/LSC/2022/0064**

**Property** : **142 St Albans Road, Watford, Hertfordshire  
WD24 4FT**

**Applicant** : **Nishchal Shah (1), Dominique Corolleur (2),  
Parvez Chithiwala (3)**

**Representative** : **Acting in Person**

**Respondent** : **Reelstone Property Holdings Limited**

**Representative** : **Mr Paul Simon, In-house Solicitor and Mr  
Ethan Freilich, Managing Agent**

**Type of Application** : **For a determination of the liability to pay and  
the reasonableness of service charges**

**Tribunal Members** : **Judge Dutton  
Mrs M Wilcox BSc MRICS**

**Date and venue of  
Hearing** : **Watford County Court, 10 King Street,  
Watford on 18<sup>th</sup> April 2023**

**Date of Decision** : **28 April 2023**

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**DECISION**

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## DECISION

1. The Tribunal finds that the Applicant's case is in part successful and reduces the amounts claimed in respect of the estimated service charge for the year ending December 2022 at page 78 in the bundle from £32,917 to £23,172.64. The Respondents will deal with the apportionments between the Applicants.
2. The Tribunal makes an order under section 20C of the Landlord and Tenant Act 1985 (the Act) that none of the costs associated with these proceedings shall be recoverable against the tenants as a service charge.
3. The Tribunal also finds that the Respondents are not entitled to recover their costs and thus makes an order under paragraph 5A of schedule 11 to the Commonhold and Leasehold Reform Act 2002 that no costs are payable in respect of this matter.

## BACKGROUND

1. The Applicants, Nishchal Shah, Dominique Corolleur and Parvez Chithiwala are the owners of three flats at the property 142 St Albans Road, Watford WD24 4FT (the Property). The Property as well as containing the three flats of the Applicants also has a shop at ground floor level. The Respondent is Reelstone Property Holdings Limited.
2. In the application lodged on behalf of the Applicants there is an indication that there was a claim involving both the years 2021 and 2022. In fact it was confirmed at the hearing that there was no objection to the year 2021 and that the Applicant's objection was limited to the estimated demand which appears to have been issued around 8<sup>th</sup> December 2021 for the service charge year ending 31<sup>st</sup> December 2022. There are four items that are in challenge. Before we refer to those, we should firstly explain the terms of the lease and this impacts on the liability to pay these estimated service charges.
3. We were told that the leases were in the same terms and these confirm that there are two service charge percentages payable by the Applicants. The first is the general service charge percentage which is assessed at 22% and relates to in essence all repairs for the Property other than the common parts.
4. The other service charge percentage which is 33.33% relates to the internal service charge which deals with the common parts of the Property. This is not in dispute but it is necessary to bear this in mind because the service charges on the estimated account are split to reflect these percentages.
5. At paragraph 6-2.7 of the lease there is provision for payment on account which says as follows:

*"For each financial year the tenant must pay to the landlord on account of the service charge such sum as is reasonable having regard to the likely amount of the service charge. That sum must be paid in advance by equal instalments on the usual quarter days, the first instalment to be paid on the quarter day immediately before the commencement of the financial year in question. During any financial year the landlord may revise the contribution on account*

*of the service charge for that financial year so as to take into account any actual or expected increase in expenditure.”*

6. Prior to the hearing we were provided with a well prepared bundle which contained the application form, directions, a Scott Schedule, the Respondent's statement of case and a witness statement to Mr Freilich, tenants' comments which were confined to an email and the Respondent's reply. We have considered these documents in reaching our decision.
7. The matter was listed for a hearing at the Watford County Court on 18<sup>th</sup> April and was attended by Mr Corolleur and Mr Chithiwala with his wife and by Mr Simon and Mr Freilich on behalf of the Respondent. The Respondent had produced two lengthy statements, the first was to be found at page 24 of the bundle and ran through to page 38. This had been prepared by Mr Paul Simon, the in-house solicitor for the Respondent who attended the hearing. It was a detailed and technical document. In response we were provided with a document headed Tenants' Comments in Details. The thrust of this was that there had been they said gross mismanagement and neglect of the Property and that if these complaints had been taken seriously and dealt with when raised, the extensive repairs would not now be required. There is also a suggestion that some of the costs, for example redecorating what they described as a small narrow passage at £6,000 are excessive. In addition to these complaints concerning the internal and external decorating works, there was also a complaint as to the management fees and an allegation that although a sum of £700 was shown on the estimated account for maintenance costs, no such maintenance had apparently been carried out and therefore was an unreasonable estimated figure.
8. In response to this was the Respondent's reply at page 196 of the bundle running through to page 201. Again we noted all that was said and their denial of any mismanagement or neglect. Various invoices were produced to show historic maintenance of the Property. At paragraph 13 the reply said as follows:  
  
*“Notwithstanding and without prejudice the foregoing on the basis that the work was not done in 2022, the Respondent accepts the Tribunal may direct that the budget amount be allocated to a sinking or reserve fund in the 2022 accounts pursuant to paragraph 6 – 2.3.1 of schedule 6 of the lease or be credited back to the Applicants and demanded again by way of budget adjustment for 2023 pursuant to paragraph 6 – 2.7 of schedule 6 of the lease.”*
9. In respect of the additional expenses of management fees and general maintenance the Respondents confirmed the work undertaken by them in connection with the management of the Property and in respect of the general maintenance of £700 produced invoices to show that in fact more than this appears to have been spent.
10. There was also a dispute between Mr Shah and the Respondent as it seems that the common parts electricity was running from his meter. It does appear that in the past the Respondents have paid money to Mr Shah for this, apparently £300 on 27<sup>th</sup> February 2022, but indicated that there was an intention to provide a fire alarm system to the building and in so doing that it would be sensible to deal with

the electricity supply to run off its own meter which is what they intend to do at some stage in the future.

11. At the hearing the complaint by Mr Chithiwala on behalf of the Applicants was that the estimated demand had been sent to them before the section 20 procedures had been commenced. There appears to be no argument that works are needed and indeed a report that the Applicants relied from Pall Mall Construct and Deliver, a company that Mr Shah appeared to have some contact with, confirmed that the state of the building was in their opinion a result of decades of work not being completed. There is no suggestion in this document, which is undated and for which we have no other supporting papers, that works that are set out in the papers before us were not necessary.
12. In this regard we have available to us both the first section 20 notice, which was dated 17<sup>th</sup> December 2021, so before the estimated charges became payable, and the second section 20 notice confirming that contracts had been sought from Trevor Larkin and Bobster Inc and that the Respondents intended to use the services of Trevor Larkin trading as TLL Contracts at a price of £17,694 to which professional and administration costs were added of £1,061.64. This therefore gave a total cost for the internal and external works of £18,755.64. This was in contrast to the figure shown on the estimated accounts, which gave a split between the external and internal works of £22,500 for external decoration and £6,000 for internal decoration thus a total of £28,500. It was also mentioned that there appeared to be no sinking fund.
13. Mr Chithiwala told us that he did not believe that there had been external decorations or repair to the Property at least since 2011 and that the internal decorations were perhaps in 2017 or 2018. He did accept that the building required works.
14. He told us that he thought he had made all payments in relation to service charges up to the demand and indeed had begun paying monies subsequently as had Mr Corolleur.
15. Mr Simon reminded us that the application related to the budget and that it was perfectly appropriate for the Respondent to make the demand in respect of the costs and to then consult. He confirmed that no money had been spent in respect of the internal and external decorating works but that he had been able to agree with the planned contractor that upon payment of a deposit they would hold their price from that which they quoted in 2022 it seems provided works started by end of May this year.
16. Insofar as the management fees were concerned, we were told by Mr Simon that these were £875 plus VAT for the three flats and that as far as he was concerned these costs were reasonable. It should be said at this stage that no alternative quotes were provided by the Applicants.
17. The other matter related to estimated maintenance costs. It now appears that actual sums have been spent in the amount of £913.09 as evidenced by invoices produced and the witness statement of Mr Freillich which was available to us and was at page 73 through to page 76.

18. We were also provided with the specification that had been drawn up by True Associates Limited, a firm of chartered surveyors, project managers and party wall surveyors from London. Their invoice in the sum of £684 was included within the papers before us.
19. The final document to which we were taken was the Scott Schedule, which we have referred to before. This did not really help us but we have noted both the tenants' and landlord's comments. We do not propose to complete the Schedule as it does not seem to us to be necessary.

## **FINDINGS**

20. This case revolves around an estimated demand for the year ending December 2022. This was it seems issued to the Applicants some time towards the end of December 2021. At that time it set out the anticipated costs for the external and internal decorative works of £28,500. As we have indicated above, this was split as to £22,500 for the external works for which the lessees paid 22% and £6,000 for the internal works for which the lessees paid 33.333%.
21. Subsequent to this budget being issued a second section 20 notice was issued on 6<sup>th</sup> May 2022 where a quote was accepted from TLL Contracts in the sum of £17,694 to which professional fees including surveyors fees and project management was added in the sum of £1,061.64 making the total cost of the work £18,755.64.
22. Somewhat surprisingly and to the credit of the Respondent's managing agents they have been able to agree with TLL that this cost can be retained upon payment of a deposit and that is the amount that will be payable for undertaking the internal and external decorative works at the Property during the course of this year. We understand that monies have been paid by the Applicants, which will enable these works to be undertaken.
23. We propose therefore to take a pragmatic approach to the application before us. The estimated service charges from December 2022 are as can be seen from the quote obtained from the contractor on the high side. The total sum which is claimed in the estimated charge is some £32,917. If we amend the external and internal decorating cost which totals £26,500 to reflect the quote and the associated cost therewith, this reduces the total sum which could be realistically claimed as an estimated service charge, back down to £23,172.64.
24. The other two matters raised by the Applicants, namely the management fee and the estimated general maintenance charge of £700 are not matters that we find in their favour. It seems to us that the management fee of £1,050 for the three flats which is £875 plus VAT is not unreasonable and certainly the Applicants produced no alternative quotes to show that this was out of the ordinary. Insofar as the maintenance costs were concerned, there is no doubt that the estimated charge of £700 seems to be supported by the fact that more than this has been spent in the year.

25. The findings that we make today do not preclude the Applicants from bringing an application under section 27A of the Landlord and Tenant Act 1985. We are not making any findings that the costs in relation to the external and internal works are reasonable. We find that they reasonable insofar as they are estimated demands and in due course we anticipate that there will be actual demands when the final costs have been established.
26. Mr Simon told us that he did not consider the lease contained any provision for them to recover costs and that accordingly it was not necessary to make an order under section 20C of the Act or under paragraph 5A of schedule 11 to the 2002 Act. That may well be the case but it seems to us there is no harm in making an order in any event on a belt and braces exercise. We therefore do make appropriate orders in relation to those two matters.

*Andrew Dutton*

Judge: \_\_\_\_\_  
A A Dutton

Date: 28 April 2023

#### **ANNEX – RIGHTS 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 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 to 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 (ie 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.