



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

**Case Reference** : **LON/00BK/OLR/2022/0689**

**Property** : **72 & 59 Park West, Edgware Road,  
London, W2 2QJ**

**Applicant** : **Muhammad Junaid Farooq**

**Representative** : **Housing & Property Law  
Partnership Solicitors**

**Respondent** : **Daejan Investments Limited**

**Representative** : **Wallace LLP, Solicitors**

**Type of Application** : **Section 91 of the Leasehold  
Reform, Housing and Urban  
Development Act 1993**

**Tribunal Member** : **Tribunal Judge I Mohabir  
Mrs S Phillips MRICS**

**Date of Decision** : **26 June 2023**

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**DECISION**

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## **Introduction**

1. This is an application made by the Applicant under section 91 of the Leasehold Reform, Housing and Urban and Development Act 1993 (as amended) (“the Act”) for a determination of the statutory costs payable to the Respondent under section 60 of the Act for the grant of separate new leases in relation to the properties known as 72 and 59 Park West, Edgware Road, London, W2 2QJ (“the properties”).
2. The Applicant is the leaseholder owner of the properties. The Respondent is the freeholder and the competent landlord for the purposes of the Act.
3. Both lease extension transactions ran in parallel following the requisite section 42 and 45 notices having been served by the parties. It seems that agreement was reached both in relation to the lease premiums and terms.
4. Therefore, it is important to note that these transactions can be regarded as being straightforward statutory lease extensions. Indeed, it appears that the Respondent has granted 123 such new leases out of the freehold title of the building in which the properties are situated.
5. The costs claimed by the Respondent for granting the new leases are £3,792.60 and £3,895.20 including VAT and disbursements respectively.
6. The parties were unable to agree the Respondent’s costs and the Applicant made an application to the Tribunal seeking a determination of statutory costs payable to the Respondent pursuant to Section 60 of the Act.

## **Relevant Statutory Provision**

7. Section 60 of the Act provides:

### **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.

## **Decision**

8. The Tribunal's determination took place on 26 June 2023 and was based solely on the written representations filed by the parties. The Tribunal's approach was to conduct what effectively amounts to a summary assessment of the costs.
9. As stated earlier, this matter relates to the Respondent's costs incurred in what can be described as "standard" statutory lease extensions with no particular complication.

## **Agreed Costs**

10. Valuation costs of £1,440 including VAT per flat (£2,880 in total) and Land Registry fees £39.60 including VAT (Flat 72) and £14.40 (Flat 593).

## **Fee Earner & Hourly Rate**

11. The Applicant's challenge to the reasonableness of the Respondent's legal costs is based on the grade of fee earner and the hourly rate claimed.
12. The majority of the work was carried out by a Partner at an hourly rate of £575 who was assisted by an Assistant Solicitor at an hourly rate of £425. The

overall attendance claimed in respect of Flat 72 is 6.5 hours and 6.8 hours in respect of Flat 593. The attendances claimed do not appear to be challenged by the Applicant.

13. By reference to the current guideline hourly rates, the Applicant submitted that the hourly rates claimed are unreasonable. In respect of both transactions, the Applicant submitted that the work should have been carried out by a Grade B fee earner and for a firm located in the London Band 2 area, a reasonable hourly rate is £300-325 per hour.
14. Unsurprisingly, the Respondent submitted that both the hourly rates claimed and grade of fee earner are reasonable and referred to other decided Tribunal costs cases when this was approved.
14. Whilst this may have appeared to be a relatively straightforward matter, the Tribunal's view was that this is a highly technical area of law conducted by the Applicant's solicitors with the requisite knowledge and experience in this field of work.
15. However, as stated earlier, these were relatively straightforward lease extension transactions and, therefore, the Tribunal concluded that the work did not need to be carried out by a Partner. The Tribunal was satisfied that it could have been carried out by a Grade B fee earner.
16. As to the hourly rate, the Tribunal accepted the Applicant's submission that this should be calculated by reference to the guideline hourly rates for solicitors. Whilst, the Tribunal notes that the rates are no more than guideline rates, they provide a useful starting point for assessment. In this instance, there are no particular reasons to depart from them.
17. The fact that the grade of fee earner and hourly rates claimed may have been approved in other Tribunal decisions does not provide the Respondent with any assistance in this instance for two main reasons. Firstly, each case is fact specific. Secondly, other Tribunal decisions do not bind this Tribunal and they do not establish a precedent.
18. Therefore, the Tribunal concluded that the appropriate rate for a Grade B fee earner in the London Band 2 area is £300 per hour. Applied to the attendance of 6.5 hours for Flat 72 provides a profit cost figure of £1,950 plus VAT of £390.
19. The calculation for Flat 593 based on 6.8 hours attendance is £2,040 plus Vat of £408.
20. As stated above, the valuation costs and disbursements incurred in respect of both flats is agreed by the Applicant.

### **Rights of appeal**

By rule 36(2) of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013, the tribunal is required to notify the parties about any right of appeal they may have.

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.

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.

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.

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.

If the tribunal refuses to grant permission to appeal, a further application for permission may be made to the Upper Tribunal (Lands Chamber).