



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

Reference : **CAM/OOMC/LVA/2023/0001**

Property : **Flat 15, Projection West, Merchants Place,
Reading RG11ET**

Applicants : **Una Mccullough**

Respondent : **Ground Rent Trading Limited**

Type of Application : **For determination of payability and
reasonableness of administration charges**

Tribunal Members : **Judge Shepherd
Gerard Smith FRICS**

Date : **25th July 2023**

DETERMINATION

1. In this case the Applicant, Una MuCullough (“The Applicant”) is challenging the payability and recoverability of administration charges imposed by Ground Rent Trading Limited (“The Respondent”). The Applicant owns the lease of premises at Flat 15 Projection West, Merchants Place, Reading, RG11ET (“The premises”). The Respondents are the freeholders of the premises. The premises are managed by Moreland Estate Management. At the hearing on 25th July

2023 the Applicant represented herself and the Respondents were represented by Paul Simon, their solicitor.

2. The Applicant received a demand for half yearly payment of the service charges and ground rent on 29th August 2022. The amount due was said to be £1191.50. The demand said that the sum was due on 29th September 2022. The Applicant paid the sum due by bank transfer on 3rd October 2022. She accepts this was four days late. In actual fact the payment was only 3 days late because the lease designated the half yearly dates as 31st March and 30th September. There is no dispute that this was a half yearly demand for service charge.
3. On 27th November 2022 the Applicant received an email with attachments including an “Application for Payment” which stated that she had been charged £75 for an arrears letter dated 2nd October 2022. The Applicant queried this charge as she had not received the letter. She did not get a response. The Application for Payment included an interest charge of £0.07, which is 4.75% of the Ground Rent bill. The Applicant paid the £0.07 interest on 3rd December 2022 but challenges the Administration charge. The Respondents sent further letters chasing the administration charges on 23/1/23, 28/3/23 and 4/4/23. The alleged sum due increased to £300.
4. Prior to the hearing both parties made reference to settlement negotiations and the Tribunal were sent a proposed consent order drafted by the Respondents. This required the Applicant to pay the £75 administration charge. Mr Simon on behalf of the Respondents prepared a statement of case in which he outlined the Respondents’ interpretation of the lease clauses and the chronology of events. He did not make any concessions in relation to the £75 administration charge in the statement of case.
5. At the hearing the Tribunal identified its concerns about the payability of the Administration charge. The alleged interest due should not have been charged at all because the lease only allowed interest to accrue if sums were unpaid for 21 days after becoming payable (Clause 5.7.1). Here the delay was only 3 days. This derailed the Respondents’ case because the initial arrears letter had been sent purportedly to recover the interest which was not in fact due. Mr Simon accepted this at the hearing for the first time which ended any issue between the parties.
6. Even if the Tribunal had found that the interest was properly due it would have decided that the Respondents were not entitled to recover the cost of arrears letters under the lease. Mr Simon relied on clause 5.7.2 of the lease which states
:

The tenant shall pay to the landlord on a full indemnity basis all costs and expenses properly incurred by the landlord or its solicitors in connection with any proceedings taken against the Tenant to recover any sums lawfully due to be paid by the tenant under the terms of this lease.

7. Here the only proceedings were those instigated by the Applicant. There is no evidence that the Respondents were even considering legal action to recover the interest that they wrongly thought they were entitled to. In any event the letters were produced by their managing agents.

8. Overall the Tribunal were unimpressed by the Respondents' approach in this case. They were using the wrong half yearly due date; they were sending out automatic demands without proper contemplation of the lease or the circumstances of the leaseholder and it appeared that nobody had properly considered whether they were actually entitled to recover the sums sought under the lease.

9. Accordingly, the Tribunal finds that the Applicant owes no sums to the Respondent in terms of administration costs. The Tribunal has no hesitation in exercising its discretion under s.20C Landlord and Tenant Act 1985. This prevents the Respondents from recovering any legal costs of these proceedings via the Applicant's service charge. Similarly, the Tribunal makes an order under Paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002 extinguishing any liability to pay an administration charge in respect of litigation costs. Finally the Tribunal orders the Respondents to reimburse the Applicant with her hearing fee and application fee (Total of £300) within 21 days of receiving this decision.

Judge Shepherd

25th July 2023

ANNEX - RIGHTS OF APPEAL Appealing against the tribunal's decisions

1. A written application for permission must be made to the First-tier Tribunal at the Regional tribunal office which has been dealing with the case.
2. The application for permission to appeal must arrive at the Regional tribunal office within 28 days after the date this decision is sent to the parties.
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 state the grounds of appeal, and state the result the party making the application is seeking. All applications for permission to appeal will be considered on the papers

5. Any application to stay the effect of the decision must be made at the same time as the application for permission to appeal.