



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

<b>Tribunal Case reference</b>	:	<b>LON/00AN/LSC/2023/0040</b>
<b>Property</b>	:	<b>Flat 3, 405 Goldhawk Road, London W6 0SA</b>
<b>Applicant (Claimant)</b>	:	<b>Marvelhouse Limited (appearing by Mr Kerr, counsel)</b>
<b>Respondent (Defendant)</b>	:	<b>Ms Yick Lin Lee (appearing in person and through an interpreter)</b>
<b>Type of application</b>	:	<b>Determination as to the reasonableness and payability of service charges under the Landlord and Tenant Act 1985</b>
<b>Tribunal</b>	:	<b>Judge Foskett Mr Richard Waterhouse MA LLM FRICS</b>
<b>Date of hearing</b>	:	<b>16 June 2023</b>
<b>Date of written closings</b>	:	<b>23 June 2023 (Marvelhouse Ltd) 4 August 2023 (Ms Lee)</b>
<b>Date of decision</b>	:	<b>22 September 2023</b>

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**DECISION**

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**PROCEDURAL BACKGROUND**

A. The Claimant/Applicant (“**Marvelhouse**”) issued proceedings in the County Court in September 2022 making the following claims against the Defendant/Respondent (“**Ms Lee**”):

Service Charges: £4443.23

Interest: £176.71 (up to the date of issue of the claim and continuing to accrue at £0.48 per day)

B. A Defence was filed and is dated 18 October 2022.

C. On 5 January 2023, the County Court made the following order:

*The case be transferred to the First Tier Tribunal (Property Chambers)*

- D. Directions were given on 21 February 2023 to take the matter down to a final hearing.
- E. The issues in the case appeared from the statements of case to be:
- i. Whether service charges have been validly claimed
  - ii. Whether service charges are reasonable
  - iii. A potential set-off in respect to damage to Ms Lee's property
- F. The property which is the subject of these proceedings is Flat 3, 405 Goldhawk Road, London W6 0SA ("**the Property**"). Ms Lee has since November 2017 held a long lease of the Property under the terms of a lease of 24 June 2011 between (1) Marvelhouse Ltd and (2) Christoph Gerth and Hiroko Kamogawa ("**the Lease**"). Marvelhouse is the freeholder. There are six flats in the building. Marvelhouse appointed The Residents Management Company Ltd ("**RMC**") to manage the building on its behalf in November 2020, following the termination of the appointment of Quinton Estate Agents as managing agents.
- G. The service charge items in dispute are:
- (i) For the year ended 31 March 2022, the sum of £1,699.42
  - (ii) For the year ended 31 March 2023, the sum of £3,783.81.
- However, the arrears are only £4,443.23 because Ms Lee paid £1,040 in May 2022.
- H. Ms Lee alleges a set-off in relation to alleged damage to her front door caused by an employee of RRR Contractors who carried out works to individual flat doors on the instructions of RMC.
- I. The Tribunal decides in this Decision the reasonableness and payability of the service charges (including the question of whether or not it can assess the alleged set-off). Once this Decision has been sent to the parties, the matter will be returned to the County Court to deal with interest and costs (in accordance with the Tribunal's directions of February 2023).
- J. The final hearing took place on 16 June 2023 and lasted a full day. Marvelhouse appeared by Mr Kerr of counsel, who provided a short skeleton argument shortly before the hearing started, which the Tribunal and Ms Lee were given an opportunity to read. Ms Lee appeared in person with an interpreter. The Tribunal wishes to express its thanks to the interpreter, Mr Sik Chuen Au, for his considerable assistance.
- K. Ms Lee gave evidence and made submissions. Mr Karol (a representative of RMC with around 30 years of experience in property management) gave evidence on behalf of Marvelhouse and submissions were made by Mr Kerr of counsel. Both Ms Lee and Mr Kerr were given an opportunity to ask questions of the witness for the opposing side on the points in dispute, which they took.
- L. Due to Ms Lee's health and the need for both parties to be able to finish their closing submissions, the Tribunal gave them the opportunity, having completed oral submissions, to put in short closing written submissions if they wished to do so. Marvelhouse filed a document on

23 June 2023 and sent it to Ms Lee. Due to certain health issues, there was a delay in receiving Ms Lee's which arrived on 4 August 2023 and has been sent to Marvelhouse. The Tribunal makes this Decision on the basis of the hearing bundle, the evidence heard and submissions made on 16 June 2023 and the written closing submissions dated 23 June and 4 August 2023.

- M. Neither party requested an inspection and the Tribunal did not consider that one was necessary, nor would it have been proportionate to the issues in dispute.

### **DECISION OF THE TRIBUNAL**

1. The Tribunal determines that in relation to the items challenged in the Application the following sums are payable and reasonable (as service charge):
  - a) For the year ended 31 March 2022, the sum of £1,699.42
  - b) For the year ended 31 March 2023, the sum of £3,783.81.

Ms Lee's payment of £1,040 made in April 2022 must of course be taken into account and she therefore owes the sum of £4,443.23 in total for the two years in question.
2. The Tribunal notes that Ms Lee claimed to have paid further sums towards the service charge arrears, but, despite having had ample opportunity since these proceedings were started, she has not provided any documentary evidence of any such payments which ought to have been straightforward. The Tribunal accepts the evidence of Mr Karol who said that RMC had checked their records carefully and had been unable to find any record of any further payments by Ms Lee.

### **THE LEASE**

3. By the terms of the Lease, the Property was demised for a term of 999 years commencing 29 Sep 2010 at a peppercorn rent.
4. By clause 4 the tenant covenants with the landlord and other leaseholders or occupiers to observe and perform the obligations set out in Part II of the Fourth Schedule. Paragraph 1 of Sch.4 Part II provides that the tenant covenants 'to pay to the Landlord the Service Charge in accordance with the provisions contained in the Ninth Schedule'.
5. The term 'Service Charge' is defined in the Lease to mean 16.67% (or one-sixth) of:-
  - (a) The Building Expenditure
  - (b) The Residential Expenditure
  - (c) A sum for accumulating a reserve fund against anticipated expenditure.
6. It also comprises 12.5% of the cost to the landlord of complying with the Insurance Obligation set out in Part I of the Sixth Schedule.

7. The Ninth Schedule requires the Service Charge to be ascertained and certified by a Certificate signed by the landlord as soon after the end of the landlord's financial year as may be practicable. The certificate should contain a summary of the expenses and outgoings incurred by the landlord during the landlord's financial year.
8. The Lease does not expressly prohibit a tenant's right to a set-off.

### **THE DEMANDS**

9. The disputed items are included in service charge demands dated 9 June 2021 (in respect of budgeted charges for the year ended 31 March 2022) and 9 June 2022 (in respect of budgeted charges for the year ended 31 March 2023).
10. The 9 June 2022 demand includes the unpaid amount from the former service charge year and totals £4,443.23 (i.e. it takes into account Ms Lee's payment in April 2022 of £1,040).
11. Ms Lee disputed that the demands were valid because:
  - a) She said that the demand of 9 June 2021 was not sent to her; and
  - b) Both demands were not accompanied by a statement of rights and obligations and were therefore not in accordance with section 153 of the Commonhold and Leasehold Reform Act 2002.
12. Mr Karol explained that because his office is very close to the building of which the Property forms part, he or his staff hand-deliver demands to lessees, including Ms Lee. He stated that the 9 June 2021 and 2022 demands were hand-delivered in this way. The Tribunal accepts this evidence, having heard explanations from Mr Karol – there is no reason to disbelieve him. Ms Lee has also had the documentation available to her in any event since the Court proceedings were issued.
13. The Tribunal asked Mr Karol about the summary of rights and obligations because the hearing bundle only shows the summary attached to the demand of 9 June 2022. Mr Karol's evidence was that the rights and obligations are automatically printed on the reverse of the demands and accordingly accompany every demand and said that the bundle must simply contain a copying error if it did not show the summary accompanying the 9 June 2021 demand. Whilst it is obviously important that bundles are prepared with care, especially in relation to such significant documents, the Tribunal accepts Mr Karol's evidence in relation to the 9 June 2021 demand.
14. The Tribunal finds that:
  - a) the service charge demands were served on Ms Lee at the Property.
  - b) The demands were accompanied by a summary of rights and obligations in accordance with section 153 Commonhold and Leasehold Reform Act 2002.

## **SECTION 20 L&T ACT 1985**

15. Ms Lee also put Marvelhouse to proof that it complied with the requirements of section 20 of the Landlord & Tenant Act 1985 for works that exceeded the £250 statutory threshold, because she contended that there had been no proper consultation over (1) works to the internal common parts and (2) the replacement of a front boundary wall.
16. Somewhat surprisingly, the section 20 notices were not included in the hearing bundle, despite being referred to in Mr Karol's witness statement and having been referred to in Ms Lee's Court Defence.
17. The Tribunal asked Mr Karol to check during the hearing with his office the dates of the section 20 notices and asked that they be sent to the Tribunal and Ms Lee. That was done promptly after the hearing and the Tribunal has now seen two section 20 notices dated 19 October 2021 in respect of (1) repair and redecoration of the internal common parts, including "*the necessary Fire Safety works to the doors to the individual dwellings*"; and (2) the replacement of the front boundary wall and retiling connected with the same. Mr Karol's evidence was that these were taken by hand to the Property and the Tribunal accepts that evidence.
18. Accordingly, section 20 requirements were complied with.

## **PAYABILITY AND REASONABLENESS**

19. It was very difficult to determine from the documents provided by Ms Lee which items of expenditure she was disputing for both service charge years. In order to make sure the parties were able to set out their positions, the Tribunal ask them to go through each line item in the Service Charge Budgets dated 9 March 2021 (for the year ended 31 March 2022) and 9 March 2022 (for the year ended 31 March 2023).

### **The sums demanded for the year ended 31 March 2022**

20. Insurance:
  - (1) Ms Lee indicated she had no information about the insurance charges but did not appear to dispute that these were payable under the lease or to offer any evidence as to alternative figures which she would have considered reasonable.
  - (2) Mr Karol explained that the insurance covered buildings insurance, terrorist and directors & officers liability. The budgeted figure (£2785, against actual spend in the previous year of £3013, which appears in the service charge accounts for the year ended 31 March 2021) was based on insurance premia being paid on similar buildings under RMC's management, with insurance quotes being obtained by RMC using a respectable insurance broker, Lansdown, for around 20 years.
  - (3) The Tribunal accepts Mr Karol's evidence and finds that the budgeted insurance figure (£2785) was payable and reasonable. The Tribunal also notes that the covering letter of 9 June 2021

accompanying the budget explained that this item “*represents the proportioned amount payable towards the Building & Terrorism Insurance Premiums along with the D&O Liability premium*”.

21. General repairs & maintenance

- (1) Ms Lee did not appear to dispute that these charges were payable under the lease in principle. However, in relation to the figure for repairs, Ms Lee’s position was that she had seen no evidence of any repairs in the period and that no repairs were necessary. In particular, she said that no service was provided from 2019 because of the pandemic and because Quinton’s management was terminated.
- (2) Mr Karol explained that these were budgeted figures (£2000) for potential repairs & maintenance expenditure in the common parts of the building and that they were reasonable estimates. The service charge accounts for the previous year showed actual spend of £1782 for “repairs and renewals”. Invoices were provided for the actual expenditure in the year ended 31 March 2022 and these were lower than the budget; the actual figures (being around £981) were reflected in the certified service charge accounts for the period which were provided in the hearing bundle.
- (3) The Tribunal accepts Mr Karol’s evidence that £2000 as a budget for this service charge item was reasonable and notes that this was supported by documentary evidence in the form of invoices from contractors – there is no reason to think, and no allegation made, that these were not genuine invoices for services rendered.

22. Cleaning

- (1) Ms Lee did not appear to dispute that these charges were payable under the lease in principle. However, Ms Lee’s evidence was that the cleaning service provided was limited to 2 times per month for only 15 minutes each time in the communal areas and that the charges therefore could not be reasonable.
- (2) Mr Karol produced in the hearing bundle invoices showing cleaning services being provided. In the initial stages of RMC’s management of the building, cleaners were used who had been inherited from the previous managing agents – they charged £44 per month (to attend once a week) as shown by the invoices recording attendances from 7 April 2021 to 25 January 2022. After that, cleaning was provided by an alternative (ProTech) for £124.80 including VAT for attendance twice a month.
- (3) Ms Lee said the original cleaner’s charge was reasonable.
- (4) Mr Karol accepted, as is evidenced by the charges, that the cleaning costs have increased,<sup>1</sup> but explained that the original cleaner had

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<sup>1</sup> This is borne out by the service charge accounts which were in the hearing bundle. For the year ended 31 March 2021, “cleaning and maintenance” was £254, whereas the budget for the year ended 31 March 2022 was £850 for cleaning.

stopped cleaning the building because of Ms Lee's conduct. It is not necessary for the Tribunal to determine the reasons why the cleaner left but it does accept that she stopped cleaning at the building and that a replacement was needed. Mr Karol's evidence was that ProTech was reliable and reasonably priced and that RMC used them in other buildings. The Tribunal accepts that evidence and notes that there is no evidence that any other residents have concerns about the service provided by ProTech.

### 23. Electricity

- (1) Ms Lee did not appear to dispute that these charges were payable under the lease. However, she did complain that electricity costs had risen since the previous year<sup>2</sup> and that she was unsure what it covered because the internal light in the communal area was on a sensor and so rarely switched on. She considered the previous year's costs to be reasonable.
- (2) Mr Karol explained that the electricity figure covered all communal parts (i.e. internal and external lighting and the power supply to the entryphone system). He said that prices had recently risen for commercial clients for electricity and that there was little choice but to incur those higher costs. He provided invoices to support the charges which were actually incurred in the period (which totalled around £191 against the budget of £150). The Tribunal accepts Mr Karol's explanation and considers the sums charged in the period for electricity were reasonable. It is noted that the service charge accounts in the bundle show figures for electricity for previous years which also were consistent with Mr Karol's budget.

### 24. Statutory assessments

- (1) Ms Lee indicated she had no information about these charges but did not appear to dispute that these were payable under the lease or to offer any evidence as to alternative figures which she would have considered reasonable.
- (2) Mr Karol explained that the cost was to cover health & safety assessments, fire safety assessments and common parts electrical testing. Invoices were provided to support the H&S and fire risk assessment expenditure and a fire door inspection (although no invoice was provided in relation to electrical testing) and the actual spend as reflected in the financial statements in the hearing bundle was £388. The Tribunal accepts Mr Karol's explanation and considers the sums budgeted for these assessments (£450) to be reasonable.
- (3) The Tribunal also notes that the covering letter of 9 June 2021 accompanying the budget explained that this item covers "*Current*

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<sup>2</sup> This is not borne out by the service charge accounts which were in the hearing bundle. For the year ended 31 March 2021, "light and heat" was £277 (against £472 in the year ended 31 March 2020), whereas the budget for the year ended 31 March 2022 was £150.

*legislation requires the Landlord to carry out assessments ... The cost of these assessments is represented in this category”.*

25. Fire precautions

- (1) Ms Lee did not appear to dispute that these were payable under the lease or to offer any evidence as to alternative figures which she would have considered reasonable. She said that she had not seen a fire alarm or extinguisher in the building.
- (2) Mr Karol explained that the £120 included in the service charge budget is a fee repeated for all blocks to cover the servicing and necessary repairs to fire fighting equipment in blocks, such as fire extinguishers. He explained that RMC is based very close to the building and that he therefore personally attends the building regularly – he estimated that he was there maybe 13 or 14 times in the year ended 31 March 2022. His evidence is that there is a fire alarm and extinguisher and that it is sensible to budget for their maintenance/repair. The Tribunal accepts that evidence and concludes that the sum is reasonable.

26. Sundries (£240 in the budget)

- (1) Ms Lee did not appear to dispute that these were payable under the lease or to offer any evidence as to alternative figures which she would have considered reasonable.
- (2) Mr Karol provided invoices to show the sorts of small items involved. The Tribunal accepts that the budgeted figure was reasonable. The Tribunal also notes that the covering letter of 9 June 2021 accompanying the budget explained that this item covers “*various property sundries which may include: bank charges, stationery, utilities, light bulbs and rubbish removal*”.

27. Legal & professional fees

- (1) Ms Lee indicated she had no information about these charges but did not appear to dispute that these were payable under the lease in principle or to offer any evidence as to alternative figures which she would have considered reasonable. She complained that there had been an increase in these fees<sup>3</sup> and that such an increase was not reasonable.
- (2) Mr Karol’s evidence was that when RMC took over from the previous managing agents the files were not well-organised and they had therefore decided to hire accountants and had had to spend significant time dealing with the information obtained on handover. Invoices were provided to support the fees incurred and were reflected in the final service charge accounts (£1380 for legal

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<sup>3</sup> Which does not appear to be borne out by the service charge accounts in the hearing bundle – the service charge accounts for the year ended 31 March 2021 were in the hearing bundle and showed £900 for accountancy and £600 for legal & professional fees for that year. The service charge budget for the year ended 31 March 2022 had £1500 for “legal & professional” and no separate line for accountancy.



and professional fees and £900 for accountancy). The Tribunal accepts this explanation and that the figures were reasonable.

28. Management fees

- (1) Ms Lee indicated she had no information about these charges but did not appear to dispute that these were payable under the lease in principle or to offer any evidence as to alternative figures which she would have considered reasonable. She complained that the fees were not reasonable, particularly because she alleged that RMC did not deal with her complaints properly, such that the level of service did not justify the fee charged.
- (2) Mr Karol explained that RMC charged in accordance with the contract appointing it and suggested that his fee (which amounted to £300+vat per unit) was reasonable. Based on the Tribunal's expertise and local knowledge, it considers that this fee is reasonable (and, indeed, at the lower end of reasonable fees) for management. Based on the evidence given, both orally by Mr Karol and in documentary form (eg invoices), the Tribunal does not consider that there is any justification in the complaint by Ms Lee that in effect RMC provided no management service such that the fees charged were unreasonable.
- (3) The Tribunal also notes that the covering letter of 9 June 2021 accompanying the budget explained the key responsibilities of RMC under its contract.

**Year ended 31 March 2023**

29. Insurance:

- (1) Ms Lee indicated she had no information about the insurance charges but did not appear to dispute that these were payable under the lease or to offer any evidence as to alternative figures which she would have considered reasonable.
- (2) The Tribunal notes that the covering letter of 9 June 2022 explains what is covered by this line item.
- (3) Mr Karol explained that the insurance covered buildings insurance, terrorist, directors & officers liability and public liability. The budgeted figure (£3885, against actual spend in the previous year of £3565, which appears in the service charge accounts for the year ended 31 March 2022) was based on insurance premia being paid on similar buildings under RMC's management, with insurance quotes being obtained by RMC using a respectable insurance broker, Lansdown, for around 20 years.
- (4) The Tribunal accepts Mr Karol's evidence and finds that the budgeted insurance figure (£3885) was payable and reasonable.

30. General repairs & maintenance

- (1) Ms Lee did not appear to dispute that these charges were payable under the lease in principle. However, in relation to the figure for repairs, Ms Lee's position was that she had seen no evidence of any

repairs in the period and that no repairs were necessary. In particular, she said that no service was provided from 2019 because of the pandemic and because Quinton's management was terminated.

- (2) Mr Karol explained that these were budgeted figures (£2000) for potential repairs & maintenance expenditure in the common parts of the building and that they were reasonable estimates. The service charge accounts for the previous year showed actual spend of £981 for "general repairs and maintenance".
- (3) The Tribunal accepts Mr Karol's evidence that £2000 as a budget for this service charge item was reasonable based on his attendances at the building and the work which he assessed might well be likely during the period.

### 31. Major internal works

- (1) The most significant item in the budget for the year ended 31 March 2023 was £10,400 for major internal works.
- (2) Ms Lee alleges that section 20 procedures were not followed but the Tribunal has dealt with that above.
- (3) As to payability and reasonableness, Ms Lee did not appear to dispute that these charges were payable in principle under the lease but she did argue that they were unreasonable because she did not see any evidence of any such works.
- (4) Mr Karol's evidence was that the budget sum was to cover (i) works on the front wall at the building and (ii) internal decorations and fire safety compliance works to flat doors. The front wall works and the fire safety works have been carried out, but the decoration work has not been because of very high contractor costs in the current economic climate. His evidence was that he had obtained one quote for £10,000 for the front wall works, but also one from a contractor whom he had used for many years for £4,000. The Tribunal accepts that the figure in the budget for the works was reasonable and notes that the covering letter dated 9 June 2022 accompanying the service charge budget explained what this line item referred to (i.e. the boundary wall works and works to flat doors for fire legislation compliance).

### 32. Cleaning

- (1) Ms Lee did not appear to dispute that these charges were payable under the lease in principle. However, Ms Lee's evidence was that the cleaning service provided was limited to 2 times per month for only 15 minutes each time in the communal areas and that the charges therefore could not be reasonable.
- (2) As explained above in relation to the YE 31 March 2022, Mr Karol produced in the hearing bundle invoices showing cleaning services being provided. In the initial stages of RMC's management of the building, cleaners were used who had been inherited from the previous managing agents – they charged £44 per month (to attend

once a week) as shown by the invoices recording attendances from 7 April 2021 to 25 January 2022. After that, cleaning was provided by an alternative (ProTech) for £124.80 including VAT for attendance twice a month.

- (3) Ms Lee said the original cleaner's charge was reasonable.
- (4) Mr Karol accepted, as is evidenced by the charges, that the cleaning costs have increased,<sup>4</sup> but his evidence was that ProTech was reliable and reasonably priced and that RMC used them in other buildings. The Tribunal accepts that evidence and notes that there is no evidence that any other residents have concerns about the service provided by ProTech. At £124.80 per month, the budget figure of £1500 is accurate and the Tribunal considers it reasonable.

### 33. Electricity

- (1) Ms Lee did not appear to dispute that these charges were payable under the lease. However, she did complain that electricity costs had risen since the previous year<sup>5</sup> and that she was unsure what it covered because the internal light in the communal area was on a sensor and so rarely switched on. She considered the previous year's costs to be reasonable.
- (2) Mr Karol explained that the electricity figure covered all communal parts (i.e. internal and external lighting and the power supply to the entryphone system). He said that prices had recently risen for commercial clients for electricity and that there was little choice but to incur those higher costs. He provided invoices to support the charges which were actually incurred in the previous period (which totalled around £191 against the budget of £150). The Tribunal accepts Mr Karol's explanation and considers the sums charged in the period for electricity were reasonable.

### 34. Statutory assessments

- (1) Ms Lee indicated she had no information about these charges but did not appear to dispute that these were payable under the lease or to offer any evidence as to alternative figures which she would have considered reasonable.
- (2) The Tribunal notes that the covering letter of 9 June 2022 explains what is covered by this line item.
- (3) Mr Karol explained that the cost was to cover health & safety assessments, fire safety assessments and common parts electrical testing. Invoices were provided to support the H&S and fire risk

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<sup>4</sup> This is borne out by the service charge accounts which were in the hearing bundle. For the year ended 31 March 2021, "cleaning and maintenance" was £254, whereas the budget for the year ended 31 March 2022 was £850 for cleaning (with actual spend being £690) and the budget for the year ended 31 March 2023 was £1500 for cleaning.

<sup>5</sup> This is borne out by the service charge accounts which were in the hearing bundle. For the year ended 31 March 2022, the budget was £150 and the actual spend was £191. For the year ended 31 March 2023, the budget was £300.

assessment expenditure and a fire door inspection (although no invoice was provided in relation to electrical testing) and the actual spend as reflected in the financial statements in the hearing bundle for the previous year (i.e. the year ended 31 March 2022) was £388. The Tribunal accepts Mr Karol's explanation and considers the sums budgeted for these assessments (£360) to be reasonable.

35. Fire precautions

- (1) Ms Lee did not appear to dispute that these were payable under the lease or to offer any evidence as to alternative figures which she would have considered reasonable. She said that she had not seen a fire alarm or extinguisher in the building.
- (2) Mr Karol explained that the £120 included in the service charge budget is a fee repeated for all blocks to cover the servicing and necessary repairs to firefighting equipment in blocks, such as fire extinguishers. He explained that RMC is based very close to the building and that he therefore personally attends the building regularly – he estimated that he was there maybe 13 or 14 times in the year ended 31 March 2022. His evidence is that there is a fire alarm and extinguisher and that it is sensible to budget for their maintenance/repair. The Tribunal accepts that evidence and concludes that the sum is reasonable.

36. Sundries (£340 in the budget)

- (1) Ms Lee did not appear to dispute that these were payable under the lease or to offer any evidence as to alternative figures which she would have considered reasonable.
- (2) Mr Karol provided invoices to show the sorts of small items involved for the period ended 31 March 2022. The Tribunal accepts that the budgeted figure was reasonable for the following year.
- (3) The Tribunal notes that the covering letter of 9 June 2022 explains what is covered by this line item.

37. Legal & professional fees

- (1) Ms Lee indicated she had no information about these charges but did not appear to dispute that these were payable under the lease in principle or to offer any evidence as to alternative figures which she would have considered reasonable. She complained that there had been an increase in these fees<sup>6</sup> and that such an increase was not reasonable.
- (2) Mr Karol accepted that there had been an increase but disagreed that it was significant, bearing in mind inflationary pressure. He also noted that the directors agreed that the front wall at the building needed to be reviewed and it was necessary to obtain

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<sup>6</sup> Which does appear to be borne out by the service charge accounts in the hearing bundle – the service charge accounts for the year ended 31 March 2022 had £1500 for “legal & professional” and no separate line for accountancy, whereas the budget for 31 March 2023 had £2760 for “legal & professional”).

architects' drawings and planning permission. Ms Lee alleged that previous managing agents had done this work already, but Mr Karol's evidence was that he had not been able to find any such plan during his handover from Quintons and accordingly the work needed commissioning and doing. The Tribunal accepts this evidence.

38. Management fees

- (1) Ms Lee indicated she had no information about these charges but did not appear to dispute that these were payable under the lease in principle or to offer any evidence as to alternative figures which she would have considered reasonable. She complained that the fees were not reasonable, particularly because she alleged that RMC did not deal with her complaints properly, such that the level of service did not justify the fee charged.
- (2) The Tribunal notes that the covering letter of 9 June 2022 explains what is covered by this line item.
- (3) Mr Karol explained that RMC charged in accordance with the contract appointing it and suggested that his fee (which amounted to £315+vat per unit) was reasonable. Based on the Tribunal's expertise and local knowledge, it considers that this fee is reasonable (and, indeed, at the lower end of reasonable fees) for management. Based on the evidence given, both orally by Mr Karol and in documentary form (eg invoices), the Tribunal does not consider that there is any justification in the complaint by Ms Lee that in effect RMC provided no management service such that the fees charged were unreasonable.

**SET-OFF**

39. Ms Lee alleged that her door was damaged by contractors acting for Marvelhouse on RMC's instructions.
40. Mr Kerr conceded that the set-off was sufficiently closely connected with the other matters raised that a set-off was in principle available to Ms Lee in these proceedings.
41. However, the cause of the alleged damage is not made out on the evidence. Mr Karol's evidence was that he gathered eyewitness information after the alleged incident following Ms Lee's assertion that she was locked out of her flat by reason of the damage. That indicated that she had been able to come and go.
42. Further, Ms Lee has not quantified the amount - she has said in her closing submissions that she paid an emergency locksmith £225.60, but with no supporting disclosure.
43. On balance, it appears that Ms Lee did call a locksmith but there is insufficient evidence to show that this was as a result of any damage done by the contractors of Marvelhouse. Accordingly, there is no set-off.

**Name:** Judge Foskett  
Mr Richard Waterhouse  
MA LLM FRICS

**Date:** 22 September 2023