

FIRST-TIER TRIBUNAL PROPERTY CHAMBER (RESIDENTIAL PROPERTY)

Case reference : LON/00AJ/LAM/2023/0012

Property : 19, King's Avenue, Ealing, London W5 2SJ

Applicant : Ms Patricia Ligertwood (Flat 3)

(1) Marshmade Limited

(2) Mr Alexander Sellars (Flat 4)

Respondents : (3) Mr Essam Zawadi (Flat 1)

(4) Mr Timothy Radford (Flat 5)

(5) Ms Jing Zhang (Flat 2)

Type of application : Appointment of a Manager

Ms H C Bowers

Tribunal : Mr K Ridgeway FRICS

Mr J Francis QPM

Venue : 10 Alfred Place, London WC1E 7LR

Date of Decision : 12 August 2024

DECISION

The Tribunal appoints Mr Martin Kingsley as manager of 19, King's Avenue, Ealing, London, W5 2SL, for a period ending on 31 March 2027.

The references to the bundle in this decision are marked with the prefix P and the page number in relation to the electronic page number in the large bundle provided of 554 pages. There is also a smaller bundle of 138 pages and referes to that bundle will be marked with the prefix SBP.

REASONS

The Application

- 1. The Applicant, Ms Patricia Ligertwood, made application on 21 November 2023 seeking to appoint a manager under section 24 of the Landlord and Tenant Act 1987 (the "Act") in respect of 19, King's Avenue, Ealing, London, W5 2SJ ("the Property"). Prior to the application, Ms Ligertwood had served a Notice on Marshmade Limited (Marshmade) under section 22 of the Act.
- 2. The application identified Mr Peter Tym as the proposed manager. The Respondent identified in the application form was Marshmade. Marshmade owns the freehold interest of the Property and is a leaseholder owned company.

The Background

- 3. The Tribunal issued Directions on 6 December 2023 and this case was listed for a hearing on 29 May 2024. Following an application made on behalf of Mr Timothy Radford, the Tribunal made an Order on 22 May 2024, which added Mr Sellars, Mr Zawadi, Mr Radford and Ms Zhang as Respondents. That Order also gave permission for Mr Radford to propose Mr Martin Kingsley as an alternative manager. One of the reasons why permission was granted for Mr Kingsley to be considered as the manager, was that Ms Ligertwood had proposed her partner, Mr Tym as the manager for the Property.
- 4. The Property comprises five flats and the Tribunal has been provided with copies of the five leases. Each lease has been subject to a lease extension, and now all leases are for a term of 999 years from 1982. The service charge year runs from 1 April to 31 March in the following year. The original leases made provisions for the service charges and insurance proportions, being set at 1/5th. However, two of the lease extensions varied the service charge and insurance proportions, so that Flat 3 contributes 24.27% and Flat 4 contributes 7.67%. This gives a total service charge contribution from the leases of 91.94% and a shortfall of 8.06%. However, it seems undisputed that there is now a Tomlin Order that records a written resolution of Marshmade, where the following appointments for service charges and insurance are agreed and these are:

Flat 1	<u>19.94%</u>
Flat 2	<u>25.90%</u>
Flat 3	<u>24.27%</u>
Flat 4	<u>7.67%</u>
Flat 5	22.22%

- 5. It is understood that Colin Bibra was appointed to manage the Property in February 2021, but the firm resigned in November 2022.
- 6. After the hearing and before this decision was issued, the Tribunal was contacted, and it was explained that the insurance at the Property had lapsed. The Tribunal made an Interim Order on 8 July 2024 to appoint Mr Kingsley on an interim basis until this decision was issued. That Interim Order made provision for Mr Kingsley to place an appropriate insurance policy and to recover the premiums from the leaseholders.

Inspection:

- 7. Prior to the hearing, the Tribunal made an inspection of the Property in the company of the Mr Tym, Mr Kingsley, Mr Radford, Mr Zwadi and Mr Fain, counsel for Mr Radford. During the inspection, Ms Zhang came into the garden.
- 8. The Property is a detached, three-story villa type house that is divided into five flats. There is a small front garden with gravel and planting. There is a tiled path leading to the front door, which has an entry-phone system. There is a side access path to the rear garden. On this side access is a meter cupboard with a broken slate covering. There is an area for bin storage. The rear garden is sizeable and has a mature tree and planting. The Tribunal noted a large, open decked area and a large, locked, timber shed.
- 9. The entrance hallway gives access to two flats on the ground floor and the other three flats are accessed on the upper floors. There is a meter cupboard on the ground floor that requires some maintenance. However, the internal areas are clean and well maintained.
- 10. In general, the property was in need of general maintenance to the external grounds and structure and some small repairs to remedy issues such as the damaged meter cupboards and slipped/missing tiles. However, there was no major disrepair.

The Hearing and the Parties' submissions

- 11. In attendance at the hearing were the Applicant, Ms Ligertwood, Mr Tym, the Applicant's partner and proposed manager; Mr Fain, of counsel, as representative for Mr Radford, Mr Radford, himself, Mr Back a paralegal and instructing solicitor for Mr Radford; Mr Sellars, Mr Zawadi, Ms Zhang and Mr Kingsley, the manager proposed by Mr Radford.
- 12. At the start of the hearing, Mr Tym proposed a postponement of the hearing if the Tribunal were not to make a finding that there has been a breach of covenant by or to appoint him as manager. In essence Mr Tym claims that Ms Zhang is in breach of the covenants in her lease

by installing a shed and the decking in the rear garden. She has been paid a sum of money by the previous manager, Colin Bibra, from the landlord's funds. This is denied by Ms Zhang and she explained that she had the landlord's consent to undertake the works that were meant to be for the benefit of all the leaseholders and that she had been reimbursed for the costs she had incurred in installing these community facilities. With the consent of the Tribunal Ms Zhang produced documents. These documents were various emails between the parties, and we could see that Ms Ligertwood and/or Mr Tym had been on copy to these emails. In essence those documents seem to show the agreement from Mr Radford, Mr Zawadi and Mr Sellars for Ms Zhang to arrange for the replacement of a shed. There is also a discussion about replenishing the service charge funds and there seems to be a dispute about arrears from Flat 3.

- 13. Mr Tym proposed that if the Tribunal were not to make a finding that there has been a breach of covenant or to appoint him as manager, then there should be a postponement of the hearing, so that the Applicant could rec-consider her position and make an alternative application.
- 14. The Tribunal refused the application to postpone. The Tribunal considered that it had sufficient evidence to proceed to determine this application. If an alternative application was made for the determination of a breach of covenant by one of the leaseholders that can be considered at another time.

Applicant's Case

- 15. Mr Tym explained that the grounds for the appointment of a manager are set out in the second schedule in the Section 22 notice. The majority of the items listed relate to the dispute between the parties in relation to the installation of the shed and decking in the rear garden (the 'breach of covenant' dispute). The Applicant's position is that Marshmade is in breach of its obligations under the lease as it has not taken steps in relation to an alleged breach by Ms Zhang, who has installed the decking and the shed.
- 16. It is further stated that Marshmade is in breach of its obligations under the Fifth Schedule of the leases as it has not provided a service charge certificate. This ground is accepted by all the leaseholders.
- 17. It is claimed that Marshmade has proposed unreasonable service charges. In 2021 the previous manager, Colin Bibra, had not followed the lease provisions and as such there has been no valid service charge demands. There had been a service charge budget of £32,590 for 2021/22, when the actual charges were £8,853.37. The section 22 notice identified a number of invalid service charge items, such as a sinking fund provision, directors' and officers' liability insurance and postage and stationery and that some items were unreasonable in amount.

- 18. The Applicant's position is that Marshmade is in breach of the RICS Service Charge Residential Management Code as there had been an unauthorised payment of £6,867 to Ms Zhang. It is also claimed that there has been no annual statement giving a summary of the costs and expenditure at the end of each service charge period. Best practice has not been followed in regard to advance service charge payments and the service charge accounts have not been subject to an annual examination by an independent accountant. It is also explained that there is no 'responsible person' in relation to Fire Risk Assessment under paragraph 8.4 of the RICS Code of Practice and there is no fire management plan.
- 19. Mr Tym said that the Applicant had raised a number of queries with the previous managing agent but had received no explanations. The managing agents had made no attempt to recover the outstanding debts. Ms Ligertwood had been told she had service charge arrears from the budget, but the sums had never been spent and had not been demanded.
- 20. The section 22 Notice had been served in October 2023 but there had been no response and no actions following on from the Notice.
- 21. It is the Applicant's position that Ms Ligertwood will pay what is correctly owed and it is for the manager to seek enforcement in the county court for sums that are formally owed. There is a lack of confidence and trust in the freehold company, to the extent that no-one is willing to make any service charge contribution. There is a failure of the leaseholders to understand that there is a distinction between the role of them as directors/shareholders of Marshmade and their position as leaseholders.
- 22. Mr Tym is seeking the removal of the shed and decking and considers that they may need to seek further legal advice on this matter. If it wasn't for the issues in relation to the shed and the decking, then the leaseholders could manage the property themselves. He stated that they did not use the decking nor did they have keys to access the shed. They have not been denied access but have felt uncomfortable using the area. They have never asked for keys to the shed.
- 23. There are concerns about Mr Kingsley in that it is said that as Mr Kingsley is not covered by the RICS and the leaseholders would be vulnerable. It is submitted that he may lack the knowledge in relation to landlord and tenant matters. He has failed to declare that he is a director of First Group and therefore could have a conflict of interest when there are competitive tenders for maintenance/repairs at the Property.
- 24. As to Mr Kingsley's proposed fees there are concerns that the £2,500 plus VAT equates to 14 hours at £175 per hour. Mr Tym considers that this sum is inadequate to deal with the complex

management matters that are involved at this Property. It is his view that to resolve the issues of the alleged breaches will involve 4-5 hours a week. Mr Kingsley has not identified the breach of covenants issues in his management plan. It is conceded that if Mr Kingsley amends his management plan to include this aspect of management, then his proposal would be acceptable. The management plan should include the historic issues in relation to the service charges and outstanding debts. In relation to Mr Kingsley's Schedule of Additional Fees [P548], the final two items (which relates to the payment of £75 per letter for any further query, which the manager has already provided a response) are unreasonable and unduly restrictive. It was put to Mr Tym that other than the 'breach of covenant' dispute, Mr Kingsley could manage the Property effectively. His response was that he had reservations about Mr Kingsley's suitability for the task.

- 25. Mr Tym confirmed tht he qualified as a chartered surveyor in 1983 and was appointed FRICS in 1995. He had his own company until 2016 and had done some consultancy but is now retired. He has had a Tribunal appointment of manager role in 2010 in relation to two flats in Oxfordshire. This was also a property in which his partner, Mr Ligertwood, had an interest. The objectives of that management had been achieved. In that case he had a similar conflict of interest as Ms Ligertwood had owned one of the two flats. He has done a recent four-hour CPD training video and other CPD.
- 26. Mr Tym has declared his potential conflict of interest but he has no beneficial interest in the Property. He acknowledged that Ms Ligertwood was a 'special client' but that sorting out the problems at the property would be beneficial to everyone. He acknowledged the RICS standards that he should not act unless he has the informed consent of others. He states that Mr Zawadi has supported the application in his role as a leaseholder. He also accepts that it would be advantageous to the leaseholders if they incurred a lower management fee. Mr Tym was taken to an email he sent to Mr Kingsley on 1 March 2024 [P382]. In that email Mr Tym indicated that he did not think that the current application would be successful due to Mr Tym's conflict of interest. He sought to enquire whether Mr Kingsley would take on the management of the Property, but with a focus on resolving the 'breach of covenant' dispute. Mr Tym explained that he was trying to find a solution to the management of the Property.
- 27. Mr Tym has produced a management plan and this indicates that his priority is dealing with the disputed shed and recovery of a payment made to Ms Zhang the 'breach of covenant' dispute. This would include the collection of £5,000 from the freeholder to commence legal proceedings against Ms Zhang that would be £1,000 from Marshmade and £4,000 from the four other flats. He aims to knock down the current shed and replace it with what was previously there, two smaller sheds. He considers the decking, that takes up $1/3^{\rm rd}$ of the garden excludes other leaseholders and should be removed. He considers that the freehold will authorise the recovery of the £6,800

from the directors. It was put to him that there was a risk that any litigation against Ms Zhang may be unsuccessful and that he was putting the interests of Ms Ligertwood in respect of any potential litigation before the interests of the Property. Mr Tym suggested that the maintenance plan could be changed. He also commented that the chance of finding a manager without any conflict would be nil and he had tried to find a neutral manager but had not succeeded and he did not think that Mr Kingsley was neutral.

- 28. Ms Ligertwood had written to Marshmade to seek enforcement of the covenants in relation to Ms Zhang's flat. It can be seen at SBP112 that in her letter to Marshmade Ms Ligertwood provided a confirmation that would indemnify the landlord of any costs in relation to any enforcement action by the landlord, as envisaged by clause 5(7) of her lease.
- 29. It was put to Mr Tym that the appointment of a manager would be an opportunity to draw a line in the sand and allow the management of the Property to move forward. All the leaseholders can be given access to the shed. He accepted that there was a lack of trust in respect of the Property but that in principle the general management is not beyond the skills of the leaseholders. Mr Tym accepted that he did not currently have any PI cover but he had received a quote and that he would pay the premium, which would include some run off cover. He accepted that he did not currently have an active complaints procedure, but would set up a procedure if he was appointed.
- 30. Mr Tym's fees would be £4,000 per annum [P531]. This is based on five hours per month and therefore 60 hours a year. This work would normally command a fee of £12,000 but he accepts this is excessive, so his compromise would be a fee of £4,000 and this compares to Mr Kingsley's fee of £3,000, including VAT. Mr Tym's other professional fees are set out at P538. He also seeks a sum of £1,000 from the freeholder to cover his costs of this application.
- 31. Mr Sellars stated that he agreed that the sum of £6,800 needs to be repaid to the service charge account. However, he asked Mr Tym why it should come from Marshmade's company funds. Mr Tym explained that ultimately the sum should be repaid by Ms Zhang but that as the sum was authorised by Marshmade, then Marshmade should make the initial reimbursement. There may then be claims against the previous managing agent and also Ms Zhang.
- 32. Ms Zhang asked Mr Tym if he had represented Ms Ligertwood in respect of the Tomlin Order, but he responded that he had no comment to that question. He was also asked if he had approached the owner of Flat 2 with the intention of making an offer to purchase the flat. Mr Tym acknowledged that he would be interested in buying a flat in the Property, but he has not made an offer for a flat. He had also emailed flats 1 and 5 but was not interested in buying all the flats.

33. Having heard the issues explored with all parties Mr Tym concluded that he agreed with moving forward and part of his objectives were to resolve the historic issues with regards to the finances, but he appreciates that this could not be achieved through this hearing. However, he wishes to rely on his proposed management order as presented. He considered that mediation would be a useful way to proceed and indeed all the leaseholders indicated that mediation to help resolve the past problems could be useful. If the past issues could be resolved, then the Property can be managed by the leaseholders. As such his suggestion was that the Tribunal declines the application, that the case goes to mediation. Then consider a remedy if there is no settlement after six months.

Respondents' Case

- 34. At the outset Mr Fain indicated that Mr Radford does not oppose the appointment of a manager and agrees that there have been issues on the part of Marshmade in relation to the service charge accounting procedures under the lease. However, he considers that it would be more appropriate to appoint Mr Kingsley instead of Mr Tym.
- 35. As a background it is explained that the five leaseholders have shares in the freeholder, Marshmade and until recently they were all directors. However, there has been a disagreement between the leaseholders/members of the freehold company. The extent of that disagreement has resulted in breakdown in the management of the Property. The disrepair is set out in Mr Kingsley's witness statement. It is submitted that because of the deadlock in the management of the property, that the previous manager had resigned and that an independent manager is required, that it is just and convenient to appoint Mr Kingsley as the manager.
- 36. It is submitted that as Mr Tym is the Applicant's partner, he cannot be independent. There is an ongoing dispute between the Applicant and Marshmade in respect of service charges in relation to the erection of the shed in the back garden. It is suggested that Mr Tym's main focus is that he seeks to resolve a dispute as it is alleged that Marshmade has failed to take action for a breach of covenant by Ms Zhang. Mr Tym proposes a £1,000 contribution towards the making of the application. It is submitted that this amounts to either an actual or potential conflict of interest. It is insufficient that Mr Tym has acknowledged this potential conflict and that he considers that he can act as manager notwithstanding this conflict. If Mr Tym was to take this appointment, he would be in clear breach of the RICS Conflicts of Interest Professional Standards. It is stated that Mr Tym does not have PI indemnity insurance and although he is FRICS he has only been appointed once as a manager by the Tribunal in 2010 and that was for a block of two flats. Mr Tym had previously stated that the leaseholders have failed to find a manager to take on the Property, management of

the building, but seems to oppose the appointment of Mr Kingsley who is willing to take on the management.

- 37. As an alternative Mr Kingsley is independent, has PI insurance cover and has experience in acting as a Tribunal appointed manager. It is stated that Mr Kingsley has inspected the Property and considered the leases and understands the issues, but by drawing a line at the time of his appointment, he will not be burdened with the dispute between Marshmade and the alleged breach by Ms Zhang and disputed service charges. Mr Kingsley will be able to focus on the future management of the Property.
- Mr Kingsley has provided a witness statement [P222] and 38. provided details of previous Tribunal appointments and a draft management order at P531. He explained that he has significant residential property management experience. At P377 is a copy of a professional indemnity insurance with cover of £2,000,000. The Tribunal was provided with details of Mr Kingsley's membership of IRPM and his associate membership of the RICS. There were also documents showing that Mr Kingsley's firm, K & M Property Management Limited is registered as a firm regulated by the RICS and is a member of the RICS Client Money Protection Scheme, is a member of ARMA and is certified with the ICO. He confirmed that his company manages in accordance with the RICS Code of Practice. He provided a list of his six current and six past Tribunal appointments. Mr Tym acknowledged the documents provided by Mr Kingsley but stated that he had not been able to find Mr Kingsley's details on the RICS website. Mr Kingsley is not an individual member of the RICS. It's Mr Kingsley's view that his is a senior member of his company and he has other Tribunal appointments. These have been challenged, but he does not consider that he has a conflict of interests.
- 39. Mr Kingsley was aware that there was going to be an application for the appointment of a manager. However, in discussions with Mr Tym he indicated that he would not take on the management of the Property to tackle the 'breach of covenant' dispute. He understood that Mr Tym withdrew his first application but made a subsequent application.
- 40. Mr Kingsley has indicated that he remains willing to accept an appointment as manager. He has considered the leases and has carried out an inspection of the Property. On his inspection he noted the following items of disrepair: spauling brickwork to the front brick wall; front pathway is cracked and uneven and a potential hazard; front garden is untidy and there are several bins but not suitable storage room; the guttering and drainage require attention; there is evidence of fallen roof tiles that may be an indication of a defective roof; discoloured paintwork; an exposed gas meter; the window sills in poor condition; the rear garden is untidy; the fuse-board cupboard appears to be non-compliant with current safety standards; the flat roof to the rear has several cracks and may need to be repaired; the communal

lighting may not comply with current regulations and there may be a need to install emergency lighting. Mr Kingsley produced a revised management plan. Under this he proposed his fee would be £3,500 per annum plus VAT. However, when it was put to him that any appointment could be on the basis of focus on future management rather than dealing with the historic disputes, Mr Kingsley stated that he would accept a fee of £2,500. There was also a discussion about his additional fees, namely an arrangement whereby there is a fee of £75 per letter for any further query, which the manager has already provided a response. Mr Kingsley stated he did not know the level of correspondence that may arise. Mr Fain suggested that those could be removed if there was a forward-thinking approach to management and that a manager could always make an application to the Tribunal for further Directions. As part of his plan Mr Kingsley proposed that he would seek a total of £7,500 as a working fund for the property.

- 41. In response as to what he would do about the shed and decking, Mr Kingsley explained that he considered that this is an historic issue, and he would arrange for all leaseholders to be given access to the shed. He considered that the parties should consider how best to proceed with their dispute between themselves.
- 42. Mr Kingsley explained that he is a director of K & M First Group Limtied, but that he does not use that company in respect of any of this 'Appointment of Manager' cases.
- 43. It was confirmed that Mr Radford does not live at the Property, but his tenants have access to the shed.
- 44. Mr Zawadi wanted to know from Mr Kingsley how he proposed to deal with any leaseholder who has not paid their service charge contribution. In response Mr Kingsley explained that there is process of sending reminders and warnings, but if money remained unpaid then the issue would be passed to solicitors for recovery. Mr Zawadi explained that due to the past disputes that the landlord had become dysfunctional. At the hearing he indicated that he was keen for a new management scheme to be put in place going forward and to seek a mediation of the past dispute.
- 45. Mr Sellars has concerns about the past arrears. As his contribution to the insurance and service charges is 7.67% his previous payments have exceeded that proportion. He would be reluctant to pay when there are service charge arrears. He would be reluctant to 'wipe the slate clean' as that would be financially disadvantageous. He considers that the payment to Ms Zhang is not legitimate on the part of Marshmade as not all directors were given prior warning and there was no way to approve or disapprove the expenditure. The sum of £6,800 was not in the budget and as such the directors had not approved the expenditure. He is concerned that the historical issues will not be addressed. If the historical issues are resolved, then there may be no need for a manager. He accepted that Marshmade was in breach of its

obligations and was not managing the Property properly. He also conceded that Marshmade is currently unable to meet its responsibilities. He was of the view that Ms Zhang was in breach of her covenants and that there has been a denial of access to the outbuildings. Yet he accepted he had access to the decking but that he does not have the code for the shed. Mr Sellars also explained that Mr Radford had arranged the insurance and the premium had been paid by Marshmade, via Mr Sellars. From the documents in the small bundle, it can be seen that there are a number of inconsistencies and there appears to be arrears. At SPB54 the spreadsheet shows that arrears are in the region of £16,000 with Flats 1, 2 and 3 owing approximately £3,200, £2600 and £10,300 respectively. However, we should comment that we did not go into the detail of the accounts and we did not hear submissions or evidence form the other parties on these points.

- 46. Mr Sellars had concerns about the terms of Mr Tym's proposed management order. He acknowledged there was need to manage the Property but also asked about a need to manage Marshmade. In response to questions from Mr Fain, he stated he did not object to Mr Kingsley's qualifications or experience.
- 47. Ms Zhang explained that there had been historical problems regarding claimed enforcement in respect of her flat and that had resulted in the breakdown of the relationships. She opposed the appointment of Mr Tym as the manager because of his conflict of interest with Ms Ligertwood and his past involvement in Marshmade. She stated that in an attempt to move forward, she would be happy to pass the key code to an independent manager who could share those details.
- Mr Fain submitted that there are undisputed grounds under 48. section 24(2)(a)(i) of the 1987 Act in that there is a failure of the landlord to comply with its obligations under the lease. The property is in disrepair and those issues are identified in paragraph 40 above. Also the landlord has failed to provide a certificate as required under paragraph 6 of the Fifth Schedule of the leases. There are also breaches in relation to section 22 (2)(ac)(i) of the 1987 Act in that in breach of the RICS Code of Practice there is no annual statement and no management plan. Once the gateway has been opened by the existence of various management problems then need to consider if it is just and convenient to make an order. In the current circumstances there is a deadlock with no demands or payment of the service charges. There needs to be a way forward and as such it is just and convenient to make an order. Mr Fain warned about making findings in relation to the shed. It is questionable if there has been a breach of covenant and the evidence that has been provided is contentious.
- 49. Mr Fain acknowledges that Mr Tym has acted in an admirable manner by declaring his potential conflict of interest. However, Mr Tym is unable to see the conflict and his focus is resolving the past

dispute and litigating the 'breach of covenant' dispute. His proposed management plan seeks to litigate the dispute at the expense of the other leaseholders. Whilst Mr Tym is a Fellow of the RICS he lacks experience as his single appointment was a small block of two flats and was over ten years ago. In contrast Mr Kingsley is not conflicted and has a number of other appointments so is suitable to carry out this task. He has the appropriate PI cover and other management protections.

- 50. The appointment of Mr Kingsley as a new manager is an opportunity for a fresh start and not an appointment to litigate the past issues. It is appreciated that Mr Sellars is aggrieved with the arrears and whilst it is desirable to resolve this issue the 7.26% contribution to the dispute £6,800 is about £500. Whilst a manager could start to litigate the 'breach of covenant' dispute, the manager will not be able to resolve the problem himself.
- 51. In terms of Mr Kingsley draft management order, there will need to be some amendments to reflect the revised service charge proportions as set out in the Tomlin Order. The order should set out the purpose of the order and clarify that past issues are not part of the order and can be explicit in that historic issues and issues to deal with the 'breach of covenant' dispute are outside the scope of the order. Provisions should be made that the key code for the shed should be provided to everyone.

Tribunal's Deliberations and Decision:

- 52. All parties are in agreement that there has been a breakdown in the management of the building, so as the Respondent is in breach of its obligations under the leases and that it would be just and convenient to make an order to appoint a manager. It is stated that the issue before the Tribunal is who should be appointed as manager and the terms of any management order.
- 53. Certainly, at the Tribunal's inspection we observed that, whilst there are no major items of disrepair, there is a general lack of maintenance and some outstanding repair issues. These items include small repairs to remedy the damaged meter cupboards and slipped/missing tiles. We also note the comments made by Mr Kingsley following his inspection and noted in paragraph 40 and take no particular issue with the items he has identified.
- 54. We also understand that Mr Radford has placed an insurance policy to ensure that the building is still covered. After the hearing and before this decision was issued, the Tribunal was contacted, and it was explained that the insurance at the Property had lapsed. The Tribunal made an Interim Order on 8 July 2024 to appoint Mr Kingsley on an interim basis until this decision was issued. That Interim Order made provision for Mr Kingsley to place an appropriate insurance policy and to recover the premiums from the leaseholders.

- 55. We also accept the evidence presented that there are problems about Marshmade not complying with its obligations under the leases in relation to the service charge accounts. We also accept the evidence that Marshmade has failed to comply with the RICS Code of Practice in that there has been no annual statement giving a summary of the costs and expenditure at the end of each service charge period; the service charge accounts have not been subject to an annual examination by an independent accountant and there is no fire management plan.
- 56. The Tribunal finds that as Marshmade had failed to secure insurance for the Property and to carry out general maintenance of the Property, that Marshmade is in breach of its obligations under the lease and is not complying with the provisions of the RICS Code of Practice. As such section 24(2)(a)(i) and (ac)(i) of the 1987 Act is satisfied.
- 57. The disagreement between the leaseholders/members of the freehold company has lead to distrust and a paralysis to manage the Property. It is noted that once the dispute within Marshmade is resolved, then the day-to-day management is not beyond the scope of Marshmade. However, whilst the dispute is outstanding, there needs to be some steps taken to ensure the ongoing management of the Property, including insurance, day to day maintenance and collection of service charge funds and insurance premiums. We accept that the impasse between the leaseholders as shareholders in Marshmade means that currently there is no effective body to manage the Property and as such we find that it is just and convenient to appoint a manager.
- 58. Some of the parties wanted the Tribunal to make findings of fact regarding the 'breach of covenant' dispute and issues regarding the historic service charges. In this context we appreciate that Mr Sellars proportion of the £6,800 may be in the region of £500. However, we understand Mr Sellars's position, there are other matters whereby he has a larger proportion as risk. Yet we decline to make findings in relation to the 'breach of covenant' dispute because we are not satisfied that we have all the evidence and full submissions from all the parties to that dispute. This is a complex problem and some aspects of the dispute relate to the management of the company and issues of company law which are outside the Tribunal's jurisdiction. As mentioned below the Tribunal hopes that the parties will avail themselves of the Tribunal's mediation service to resolve these disputes. However, if the parties fail to reach a resolution, then they should seek independent advice about how best to proceed.
- 59. As we have decided that there are grounds to appoint a manager and that it is just and convenient to do so, the next step is to consider who should be appointed. We consider that Mr Tym is a professional man with considerable experience as a Chartered Surveyor. We also note that from the start of this process he acknowledged his position in relation the Applicant and the potential conflict that may arise and note that he stated that he would remain neutral in managing the building.

As stated by Judge Powell in the Order dated 22 May 2024, that is an admirable position. However, it is clear to the Tribunal that given the position he takes about how he will manage the Property, that his priority is to 'resolve the issues in relation to the decking, shed and outstanding payments' and that his focus is in dealing with the historic dispute. We do not consider that the role of a Tribunal appointed manager is to pursue a dispute/litigate a case for a particular leaseholder, in this case Ms Ligertwood. Although it is acknowledged that others also want some resolution. Given the background of Ms Ligertwood's position, we do not consider that Mr Tym can remain independent.

- 60. Mr Kingsley has considerable experience as a Tribunal appointed manager. We consider that he has the appropriate PI insurance cover and a complaints procedure. He has membership of IRPM and is an associate member of the RICS. We are satisfied that Mr Kingsley's firm, K & M Property Management Limited is registered as a firm regulated by the RICS and is a member of the RICS Client Money Protection Scheme, is a member of ARMA and is certified with the ICO. He confirmed that his company manages in accordance with the RICS Code of Practice. Overall, we consider that he is suitable to be appointed as manager for the Property. We note Mr Tym's concerns about Mr Kingsley's potential breach in relation to his connection with K & M First Group Limited. However, we note Mr Kingsley's statement that he does not use this company in relation to any of his cases where he is a Tribunal appointed manager.
- In respect of the management order, we consider that Mr 61. Kingsley's management should be limited to a forward-looking approach and not to resolve the complex dispute in relation to Marshmade. We use a phase that was used at the hearing in that we require Mr Kingsley to 'draw a line in the sand'. As such we do not order that Marshmade is to transfer any sums to Mr Kingsley. Instead, and to provide a clean sheet funds to effective manage the Property, we order that the leaseholders forward fund Mr Kingsley with £7,500, apportioned with the agreed percentages in the Tomlin Order and detailed in paragraph 4 above. As Mr Kingsley's management is not to address the historic issues, we determine that his management fee for the whole of the Property is £2,500 plus VAT. We also remove the last two items in Mr Kingsley's Schedule of fees as shown on P546 as we consider that the future management of the Property should be more straightforward. However, if there are continuing problems, Mr Kingsley can apply to the Tribunal for Directions, or any party may make an application to vary the order.
- 62. It is acknowledged that when the historic problems are resolved and trust is regained, that this is a building that the parties will be able to manage themselves. The appointment of Mr Kingsley should help bring relief for a couple of years to ensure that the Property is managed in an appropriate manner and give the parties some time to resolve their differences.

63. All parties indicated that they would consider mediation to resolve the 'breach of covenant' dispute. This is admirable and the Tribunal trusts that with an attitude of compromise, the historic issues can be resolved in a manner that will assist everyone and without the parties incurring any further costs. Enclosed with this Decision are agreement to mediate forms. If all the parties sign and return the forms to the Tribunal, the Tribunal will arrange a day for the mediation.

64. Attached to this Decision is a Management Order appointing Mr Kingsley.

Name: Helen Bowers Date: 12 August 2024

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).



FIRST-TIER TRIBUNAL PROPERTY CHAMBER (RESIDENTIAL PROPERTY)

Case Reference : LON/00AJ/LAM/2023/0012

Property : 19, King's Avenue, Ealing, London,

W5 2SJ

Applicant : Ms Patricia Ligertwood (Flat 3)

Representative : Mr Tym

(1) Marshmade Limited

(2) Mr Alexander Sellars (Flat 4)

Respondents : (3) Mr Essam Zawadi (Flat 1)

(4) Mr Timothy Radford (Flat 5)

(5) Ms Jing Zhang (Flat 2)

Representative : Mr Carl Fain for Mr Radford

The Manager : Mr Martin Kingsley

Ms H C Bowers

Tribunal members : Mr K Ridgeway FRICS

Mr J Francis QPM

Date of Order : 12 August 2024

MANAGEMENT ORDER

Interpretation

1. In this Order:

"The Property" means the flats and other premises known as known as 19, King's Avenue, Ealing, London, W5 2SJ and registered at HM Land Registry under title number MX355808 and shall include

the building, outhouses, gardens, amenity space, drives, pathways landscaped areas, flower beds, passages, bin-stores, common parts, storage rooms basements, electricity and power rooms; and all other parts of the property.

"The Landlord" shall mean Marshmade Limited or their successors in title to the reversion immediately expectant upon the Leases.

"The Tenants" shall mean the proprietors for the time being of the Leases whether as lessee or under-lessee and "Tenant" shall be construed accordingly.

"The Leases" shall mean all leases and/or underleases of flats in the Property.

"The Manager" means Mr Martin Kingsley.

"The Tribunal" means the First-tier Tribunal (Property Chamber)

ORDER

- 2. In accordance with section 24(1) of the Landlord and Tenant Act 1987 ("the Act") **Mr Martin Kingsley of K & M Property Management Limited** is appointed as Manager of the Property.
- 3. The Manager's appointment shall start on **1 September 2024** ("the start date") and shall end on **31 March 2027** ("the end date").
- 4. For the avoidance of doubt this Order supplements but does not displace covenants under the Leases and the Tenants remain bound by them. Where there is a conflict between the provisions of the Order and the Leases, the provisions of the Order take precedence.
- 5. The purpose of this Management Order is to provide for the management of the Property which includes taking steps to resolve the following problems of inadequate management identified by the Tribunal:
 - (a) Lack of adequate repairs and maintenance to the structure and exterior of the

Property

- (b) Lack of adequate fire safety measures
- (c) Lack of proper service charge accounting practice and procedure and budgeting
- 6. To address the steps identified in the previous paragraph the Manager is empowered to collect in monies to carry out repairs to the common parts, structure and exterior of the Property and, if reasonably necessary to ensure that the structure of the building and common parts do not create any safety risks to residents and visitors to the Property, and improvement works.

- 7. For the avoidance of doubt the Manager will not have the power to demand and service charges for the period before his date of appointment. Nor will he become involved in any of the historic disputes in relation to the Property.
- 8. The Manager shall manage the Property in accordance with:
 - (a) the terms of this Order and the Directions set out below;
 - (b) the respective obligations of the Landlord and the Tenants under the Leases whereby the Property is demised by the Landlord (save where modified by this Order);
 - (c) the duties of a Manager set out in the Service Charge Residential Management Code ("the Code") (3rd Edition) or such other replacement code published by the Royal Institution of Chartered Surveyors ("RICS") and approved by the Secretary of State pursuant to section 87 Leasehold Reform Housing and Urban Development Act 1993(whether the Manager is a Member of the RICS or not; and
 - (d) the provisions of sections 18 to 30 of the Landlord and Tenant Act 1985.
- 9. From the date this Order comes into effect, no other party shall be entitled to exercise a management function in respect of the Property where the same is the responsibility of the Manager under this Order.
- 10. The Tribunal requires the Manager to act fairly and impartially in the performance of their functions under this Order and with the skill, care and diligence to be reasonably expected of a Manager experienced in carrying out work of a similar scope and complexity to that required for the performance of the said functions.
- 11. The Manager or any other interested person may apply to vary or discharge this Order pursuant to the provisions of section 24(9) of the Act.
- 12. The Tribunal may, upon receipt of information or notification of change of circumstances, issue directions to the parties, or any other interested person, concerning the operation of this Order, both during its term, and after its expiry.
- 13. Any application to extend or renew this Order **must** be made before the end date, preferably at least three months before that date, and supported by a brief report of the management of the Property during the period of the appointment. Where an application for an extension or renewal is made prior to the end date, then the Manager's appointment will continue until that application has been finally determined.
- 14. The Manager is appointed to take all decisions about the management of the Property necessary to achieve the purposes of this Order. If the Manager is unable to decide what course to take, the Manager may apply to the Tribunal for further directions, in accordance with section 24(4), Landlord

and Tenant Act 1987. Circumstances in which a request for such directions may be appropriate include, but are not limited to:

- (a) a serious or persistent failure by any party to comply with an obligation imposed by this Order;
- (b) circumstances where there are insufficient sums held by the Manager to discharge their obligations under this Order and/or for the parties to pay the Manager's remuneration; and
- (c) where the Manager is in doubt as to the proper construction and meaning of this Order.

Contracts

- 15. Rights and liabilities arising under contracts, including any contract of insurance and/or any contract for the provision of any services to the Property, to which the Manager is not a party, but which are relevant to the management of the Property, shall upon the date of appointment become rights and liabilities of the Manager, save that:
 - (a) the Landlord shall indemnify the Manager for any liabilities arising before commencement of this Order; and
 - (b) the Manager has the right to decide, in their absolute discretion, the contracts in respect of which they will assume such rights and liabilities, with such decision to be communicated in writing to the relevant parties within 56 days from the date this order.
- 16. The Manager may place, supervise and administer contracts and check demands for payment of goods, services and equipment supplied for the benefit of the Property.

<u>Pre-contract enquiries</u>

- 17. The Manager shall be responsible for provide a response with appropriate documents in relation to any pre-contract enquiries regarding the sale of a residential flat at the Property.
- 18. The Manager shall be responsible for responding to pre-contract enquiries regarding the sale of a residential flat at the Property.

Legal Proceedings

- 19. The Manager may bring or defend any court or tribunal proceedings relating to management of the Property (whether contractual or tortious) and, subject to the approval of the Tribunal, may continue to bring or defend proceedings relating to the appointment, after the end of their appointment.
- 20. Such entitlement includes bringing proceedings in respect of arrears of service charge attributable to any of the Flats in the Property, including, where

appropriate, proceedings before this tribunal under section 27A of the Landlord and Tenant Act 1985 and in respect of administration charges under schedule 11 of the Commonhold and Leasehold Reform Act 2002 or under section 168(4) of that Act or before the courts and shall further include any appeal against any decision made in any such proceedings.

21. The Manager may instruct solicitors, counsel, and other professionals in seeking to bring or defend legal proceedings and is entitled to be reimbursed from the service charge account in respect of costs, disbursements or VAT reasonably incurred in doing so during, or after, this appointment. If costs paid from the service charge are subsequently recovered from another party, those costs must be refunded to the service charge account.

Remuneration

22. The Tenants are responsible for payment of the total Manager's Fees of £2,500 plus VAT for the Manager to perform the duties set out in paragraph 3.4 of the RICS Code in the following proportions:

Flat 1	19.94%
Flat 2	<u>25.90%</u>
Flat 3	<u>24.27%</u>
Flat 4	<u>7.67%</u>
Flat 5	22.22%

- 23. Other sums that may be payable are:
 - (a) any additional fees contained in a schedule to this Order for the duties set out in paragraph 3.5 of the RICS Code (so far as applicable); and
 - (b) VAT on the above fees.

Service charges

- 24. The Manager shall not collect the ground rents payable under the residential Leases.
- 25. The Manager shall collect all service charges and insurance premium contributions payable under the Leases, in accordance with the following schedule of proportions:

Flat 1	<u>19.94%</u>
Flat 2	<u>25.90%</u>
Flat 3	<u>24.27%</u>
Flat 4	<u>7.67%</u>
Flat 5	22.22%

- 26. Whether or not the terms of any Lease so provides, the Manager shall have the authority to:
 - (a) demand payments in advance and balancing payments at the end of the accounting year;
 - (b) establish a sinking fund to meet the Landlord's obligations under the Leases;
 - (c) allocate credits of service charge due to Tenants at the end of the accounting year to the sinking fund and
 - (d) alter the accounting year and to collect arrears of service charge and insurance that have accrued before their appointment.
- 27. To ensure that the Manager has adequate funds to manage the Property, the Manager may immediately collect £7,500 in total in the proportions as set out in paragraph 25 above. Any sum demanded by the Manager shall be payable within 28 days.
- 28. The Manager is entitled to recover through the service charge the reasonable cost and fees of any surveyors, architects, solicitors, counsel, and other professional persons or firms, incurred by them whilst carrying out their functions under the Order.

<u>Administration Charges</u>

29. The Manager may recover administration charges from individual Tenants for their costs incurred in collecting service charges and insurance which includes the costs of reminder letters, transfer of files to solicitors and letters before action. Such charges will be subject to legal requirements as set out in schedule 11 of the Commonhold and Leasehold Reform Act 2002. The details of the fees charged are set out in the Appendix of additional fees.

Disputes

- 30. In the event of a dispute regarding the payability of any sum payable under this Order by the lessees, additional to those under the Leases (including as to the remuneration payable to the Manager and litigation costs incurred by the Manager), a Tenant, or the Manager, may apply to the tribunal seeking a determination under section 27A of the Landlord and Tenant Act 1985 as to whether the sum in dispute is payable and, if so, in what amount.
- 31. In the event of dispute regarding the conduct of the management of the property by the Manager, any person interested may apply to the Tribunal to vary or discharge the order in accordance with section 24(9) of the Landlord and Tenant Act 1987.
- 32. In the event of a dispute regarding the reimbursement of unexpended monies at the end of the Manager's appointment, the Manager, a Tenant, or

the Landlord may apply to the Tribunal for a determination as to what monies, if any, are payable, to whom, and in what amount.

DIRECTIONS TO THE TENANTS

33. Ms Zhang shall provide the Manager within 14 days of the date of this Order with the keys/key code to access the shed located at the rear garden.

DIRECTIONS TO LANDLORD

- 34. The Landlord must comply with the terms of this Order.
- 35. On any disposition other than a charge of the Landlord's estate in the Property, the Landlord will procure from the person to whom the Property is to be conveyed, a direct covenant with the Manager, that the said person will (a) comply with the terms of this Order; and (b) on any future disposition (other than a charge) procure a direct covenant in the same terms from the person to whom the Property is to be conveyed.
- 36. The Landlord shall give all reasonable assistance and co-operation to the Manager in pursuance of their functions, rights, duties and powers under this Order, and shall not interfere or attempt to interfere with the exercise of any of the Manager's said rights, duties or powers except by due process of law.
- 37. The Landlord is to allow the Manager and their employees and agents access to all parts of the Property and must provide keys, passwords, and any other documents or information necessary for the practical management of the Property in order that the Manager might conveniently perform their functions and duties, and exercise their powers under this Order.
- 38. Within 14 days from the date of this Order the Landlord must provide all necessary information to the Manager to provide for an orderly transfer of responsibilities, to include the transfer of all contracts and documents relevant to the management of the Property.
- 39. For clarity as this Order relates to the management of the Property in a prospective manner, there is no need for the Landlord to transfer any funds relating to the Property including uncommitted service charges and any monies standing to the credit of a reserve or sinking fund.

DIRECTIONS TO MANAGER

40. The Manager must adhere to the terms of the Order above.

Entry of a Form L restriction in the Register of the Landlord's Registered Estate

41. To protect the direction in paragraph 35 for procurement by the Landlord, of a direct covenant with the Manager, **the Manager must apply** for the entry of the following restriction in the register of the Landlord's estate under title number MX355808.

"No disposition of the registered estate (other than a charge) by the proprietor of the registered estate, or by the proprietor of any registered charge, not being a charge registered before the entry of this restriction, is to be completed by registration without a certificate signed by the applicant for registration [or their conveyancer] that the provisions of paragraph 35 of an Order of the Tribunal dated XX August 2024 have been complied with"

Registration

- 42. The Manager must make an application to HM Land Registry for entry of the restriction referred to in paragraph 41, within 14 days of the date of this Order.
- 43. A copy of the Order should accompany the application (unless it is submitted by a solicitor able to make the necessary declaration at Box 8(c) of the RX1 application form). The application should confirm that:
 - this is an Order made under the Landlord and Tenant Act 1987, Part II (Appointment of Managers by a Tribunal) and that pursuant to section 24(8) of the 1987 Act, the Land Registration Act 2002 shall apply in relation to an Order made under this section as they apply in relation to an order appointing a receiver or sequestrator of land.
 - Consequently, pursuant to Rule 93(s) of the Land Registration Rules 2003, the Manager is a person regarded as having sufficient interest to apply for a restriction in standard Form L or N.

Conflicts of Interest

44. The Manager must be astute to avoid any Conflict of Interest between their duties and obligations under this Order, and their contractual dealings. Where in doubt, the Manager should apply to the Tribunal for directions.

Complaints

45. The Manager must operate a complaints procedure in accordance with, or substantially similar to, the requirements of the Royal Institution of Chartered Surveyors.

<u>Insurance</u>

- 46. The Manager must maintain appropriate building insurance for the Property and ensure that the Manager's interest is noted on the insurance policy.
- 47. From the date of appointment, and throughout the appointment, the Manager must ensure that he has appropriate professional indemnity insurance cover in the sum of at least £2 million and shall provide copies of the certificate of liability insurance to the Tribunal, and, upon request, to any Tenant or the Landlord. The Certificate should specifically state that it applies to the duties of a Tribunal appointed Manager.

Accounts

48. The Manager must:

- (a) prepare and submit to the Landlord and the Tenants an annual statement of account detailing all monies receivable, received and expended. The accounts are to be certified by the external auditor, if required under the Leases;
- (b) maintain efficient records and books of account and to produce for these for inspection, to include receipts or other evidence of expenditure, upon request by the Landlord or a Tenant under section 22 Landlord and Tenant Act 1985;
- (c) maintain on trust in an interest-bearing account at such bank or building society, as the Manager shall from time to time decide, into which service charge contributions, insurance rent, and all other monies arising under the Leases shall be paid; and
- (d) hold all monies collected in accordance with the provisions of the Code.

Repairs and maintenance

49. The Manager must:

- (a) by 31 August 2024 draw up a planned maintenance programme for the period of the appointment, allowing for the periodic re-decoration and repair of the exterior and interior common parts of the Property, as well as any roads, accessways, mechanical, electrical and other installations serving the Property, and shall send a copy to every Tenant and to the Landlord;
- (b) subject to receiving sufficient prior funds:
 - (i) carry out all required repair and maintenance required at the Property, in accordance with the Landlord's covenants in the Leases, including

- instructing contractors to attend and rectify problems, and is entitled to recover the cost of doing so as service charge payable under the Leases or in accordance with the Order.
- (ii) arrange and supervise any required major works to the Property, including preparing a specification of works and obtaining competitive tenders.
- (c) liaise with all relevant statutory bodies in the carrying out of their management functions under the Order; and
- (d) ensure that the Landlord, and the Tenants, are consulted on any planned and major works to the Property and to give proper regard to their views.
- 50. The Manager has the power to incur expenditure in respect of health and safety equipment reasonably required to comply with regulatory and statutory requirements.

Access to the Garden Shed

51. The Manager shall provide all the Tenants with full access to the Garden Shed.

Reporting

52. By no later than six months from the date of appointment (and then annually) the Manager must prepare and submit a brief written report to the Tenants, and the Landlord, on the progress of the management of the Property up to that date, providing a copy to the Tribunal at the same time.

End of Appointment

- 53. No later than 56 days before the end date, the Manager must:
 - (a) apply to the Tribunal for directions as to the disposal of any unexpended monies;
 - (b) include with that application a brief written report on the progress and outcome of the management of the Property up to that date (a "Final Report"); and
 - (c) seek a direction from the Tribunal as to the mechanism for determining any unresolved disputes arising from the Manager's term of appointment (whether through court or tribunal proceedings or otherwise).
- 54. Unless the Tribunal directs otherwise the Manager must within two months of the end date:

- (a) prepare final closing accounts and send copies of the accounts and the Final Report to the Landlord and Tenants, who may raise queries on them within 14 days; and
- (b) answer any such queries within a further 14 days.
- 55. The Manager must reimburse any unexpended monies to the paying parties, or, if it be the case, to any new Tribunal appointed Manager within three months of the end date or, in the case of a dispute, as decided by the Tribunal upon an application by any interested party.

Schedule of Additional Fees

- The sum of £250 plus VAT for each consultation notice under section 20 of the Landlord and Tenant Act 1985 as amended.
- An additional charge for dealing with solicitors' enquiries payable by the outgoing lessee on a time spent basis.
- The sum of 10% plus vat of the contract sum in relation to the arrangement and overall responsibility and supervision of major works
- A charge of £175 plus VAT per hour for any initial work for major works.
- The recovery of outstanding service charges shall give rise to an administration charge payable by the defaulting lessee of £25.
- An additional charge in relation to brokering insurance claims or valuations based on £200 plus VAT per claim.
- A charge of £175 plus VAT per hour for further tasks which fall outside agreed duties
- To be reimbursed in respect of reasonable costs disbursements and expenses to include fees of counsel, solicitors, and expert witnesses.