



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

**Case Reference** : CHI/24UJ/LSC/2024/0126

**Property** : Stable Cottage, Holmfield, 103 High Street,  
Lyndhurst, Hampshire, SO43 7BH

**Applicant** : Waygrange Limited

**Representative** : Mr Kevin Stratford

**Respondent** : Mr Stephen Morris

**Representative** :

**Type of Application** : Liability to pay service charges and  
administration charges

**Tribunal Members** : Judge N Jutton, Carolyn Barton MRICS and  
David Ashby FRICS

**Date and Venue of  
Hearing** : 21 October 2024  
Havant Justice Centre, Elmleigh Road, Havant,  
Hampshire, PO9 2AL

**Date of Decision** : 21 October 2024

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DECISION

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## **Background**

1. The Respondent is the lessee of a residential property known as Stable Cottage. Stable Cottage is located on a small estate in Lyndhurst Hampshire known as Holmfield. Holmfield is described as a former Victorian gentleman's residence. The main house has been converted into 5 residential units. The former gardener's cottage, stables and coach house have been converted into 3 residential units. The former dairy has been converted into 2 residential bungalows. There are thus 10 residential units altogether of which 9 (including Stable Cottage) are held on long leases each it is understood for a term of 999 years from 1982. The Applicant is the freehold proprietor of Holmfield and is the Respondent's Lessor. In 2015 the Applicant appointed Kevin Stratford trading as Kevin Stratford Property Consultant to manage Holmfield on its behalf. With the written authority of a director of the Applicant company Mr Stratford represented the Applicant before the Tribunal.
2. The Applicant instituted proceedings issued against the Respondent on 24 January 2024 in the County Court Business Centre under claim number 491MC807. The Applicant sought to recover from the Respondent alleged arrears of service charge payments, ground rent, interest and court fees. The Respondent filed a Defence dated 25 February 2024.
3. By an Order made by the Southampton County Court on the 25 April 2024 the proceedings were transferred to this Tribunal. The Order provided that those matters which fell within the jurisdiction of this Tribunal be determined by the Tribunal. The Order further provided that all remaining matters would be determined by a Tribunal Judge sitting as a County Court Judge exercising the jurisdiction of a District Judge.
4. Directions were made on 22 July 2024. They provided that the County Court claim form, particulars of claim and any copy documents would stand as the Applicant's statement of case. That the defence filed by the Respondent in the County Court would stand as the Respondent's statement of case. They further provided for the provision by the Applicant of a hearing bundle. The Directions included a County Court order allocating the claim to the small claims track.
5. At the start of the hearing the Tribunal identified the matters that fell to be determined by it and those by the County Court. The matters before the Tribunal were in respect of the claim for payment of service charges and administration charges sought by the Applicant from the Respondent for the service charge years 2015/2016 through to 2022/2023. In particular whether the expenses incurred by the Applicant that made up the service charges and administration charges claimed were recoverable from the Respondent under the terms of his lease, and if so whether they were in each case reasonably incurred. The matters before the County Court were the Applicant's claim for alleged arrears of ground rent, for statutory interest and for court fees.
6. The documents before the Tribunal comprised a hearing bundle running to 255 pages. The bundle included the County Court documents, the

Tribunal's directions, various service charge statements of account, correspondence between the parties, and further written submissions made by the parties. References to page numbers in this decision are references to page numbers in the bundle.

## The Law

7. The statutory provisions relevant to service charge applications of this nature are to be found in sections 18, 19 and 27A of the Landlord & Tenant Act 1985 (the 1985 Act). They provide as follows:

### The 1985 Act

- 18 (1) *In the following provisions of this Act "service charge" means an amount payable by a tenant of a dwelling as part of or in addition to the rent –*
- (a) *which is payable, directly or indirectly, for services, repairs, maintenance, improvements or insurance or the landlord's costs of management, and*
  - (b) *the whole or part of which varies or may vary according to the relevant costs.*
- (2) *The relevant costs are the costs or estimated costs incurred or to be incurred by or on behalf of the landlord, or a superior landlord, in connection with the matters for which the service charge is payable.*
- (3) *For this purpose –*
- (a) *"costs" includes overheads, and*
  - (b) *costs are relevant costs in relation to a service charge whether they are incurred, or to be incurred, in the period for which the service charge is payable or in an earlier or later period.*
- 19 (1) *Relevant costs shall be taken into account in determining the amount of a service charge payable for a period –*
- (a) *only to the extent that they are reasonably incurred, and*
  - (b) *where they are incurred on the provision of services or the carrying out of works, only if the services or works are of a reasonable standard;*
- and the amount payable shall be limited accordingly.*
- (2) *Where a service charge is payable before the relevant costs are incurred, no greater amount than is reasonable is so payable, and after the relevant costs have been incurred any necessary adjustment shall be made by repayment, reduction or subsequent charges or otherwise*
- .....
- 27A (1) *An application may be made to the appropriate tribunal for a determination whether a service charge is payable and, if it is, as to –*
- (a) *the person by whom it is payable,*
  - (b) *the person to whom it is payable,*
  - (c) *the amount which is payable,*

- (d) *the date at or by which it is payable, and*
  - (e) *the manner in which it is payable*
- (2) *Subsection (1) applies whether or not any payment has been made.*
- (3) *An application may also be made to the appropriate tribunal for a determination whether, if costs were incurred for services, repairs, maintenance, improvements, insurance or management of any specified description, a service charge would be payable for the costs and, if it would, as to –*
- (a) *the person by whom it would be payable,*
  - (b) *the person to whom it would be payable,*
  - (c) *the amount which would be payable,*
  - (d) *the date at or by which it would be payable, and*
  - (e) *the manner in which it would be payable.*
- (4) *No application under subsection (1) or (3) may be made in respect of a matter which –*
- (a) *has been agreed or admitted by the tenant,*
  - (b) *has been, or is to be, referred to arbitration pursuant to a post dispute arbitration agreement to which the tenant is a party,*
  - (c) *has been the subject of determination by a court, or*
  - (d) *has been the subject of determination by an arbitral tribunal pursuant to a post-dispute arbitration agreement.*
- (5) *But the tenant is not to be taken to have agreed or admitted any matter by reason only of having made any payment.*

The statutory provisions relevant to administration charge applications can be found in Part 1 of Schedule 11 to the Commonhold and Leasehold Reform Act 2002 (the 2002 Act). They provide as follows:

- 1 (1) *In this part of this Schedule “administration charge” means an amount payable by a tenant of a dwelling as part of or in addition to the which is payable, directly or indirectly –*
- (a) *for or in connection with a grant of approvals under his lease, or applications for such approvals:*
  - (b) *for or in connection with the information or documents by or on behalf of the landlord or a person who is party to his lease otherwise than as landlord or tenant,*
  - (c) *in respect of a failure by the tenant to make a payment by the due date to the landlord or a person who is party to his lease otherwise than as landlord or tenant, or*
  - (d) *in connection with a breach, (or alleged breach) of a covenant or condition in his lease*
- .....
- (3) *In this part of this Schedule “variable administration charge” means an administration charge payable by a tenant which is neither –*
- (a) *specified in his lease, nor*
  - (b) *calculated in accordance with a formula specified in his lease.*
- .....

2            *A verbal administration charge is payable only to the extent that the amount of the charge is reasonable.*

.....

5            (1)        *An application may be made to the appropriate tribunal for a determination on whether administration charge is payable and, if it is, as to –*

- (a)        *the person by whom it is payable*
- (b)        *the person to whom it is payable*
- (c)        *the amount which is payable*
- (d)        *the date at or by which it is payable, and*
- (e)        *the manner in which it is payable*

(2)        *Sub-paragraph(1) applies whether or not any payment has been made*

(3)        *The jurisdiction conferred on the appropriate tribunal in respect of any matter by virtue of sub paragraph (1) is in addition to any jurisdiction of a Court in respect of the matter.*

(4)        *No application under sub- paragraph (1) may be made in respect of a matter which –*

- (a)        *has been agreed or admitted by the tenant*
- (b)        *has been, or is to be, referred to arbitration pursuant to a post-dispute arbitration agreement to which the tenant is a party,*
- (c)        *has been the subject of determination by a court, or*
- (d)        *has been the subject of determination by an arbitral tribunal pursuant to a post- dispute arbitration agreement.*

(5)        *But the tenant is not to be taken to have agreed or admitted any matter by reason only of having made any payment.*

## **The Lease**

8.        A copy of the Respondent's lease is at pages 35 – 59 (and two supplemental deeds of rectification at pages 60 – 68). The lease is dated 1 June 1983 and is made between Waygrange Limited(1) and Leonora Maude Salter and Mary Salter(2). At clause 1 of the lease the lessee covenants to pay a due proportion of the '*Annual Service Charge*' (calculated in accordance with the provisions of Part II of the fifth schedule).

9.        The term '*Annual Service Charge*' is defined as: '*The outgoings and expenses incurred by the Landlord referred to in part I of the Fifth Schedule*'. Part I of the fifth schedule refers to expenses and outgoings incurred by the lessor in fulfilling the obligations listed in Part III of the Second Schedule. It also refers amongst other things to '*The cost of any reasonable fees of the Lessor's agents for the general management of the Buildings and of Holmfield and for the preparation and circulation of the Annual Account*'. '*Holmfield*' is defined as the land and buildings known as Holmfield Lyndhurst in Hampshire shown edged red on Plan A attached to the lease and described in Part I of the First Schedule. '*The Buildings*' are defined as '*Those buildings within and forming part of*

*Holmfield which are shown coloured blue on Plan A*. The Respondent's property, Stable Cottage, is part of the Buildings.

10. The expenses and outgoings set out in Part III of the Second Schedule include covenants on the lessor's part to keep the Buildings and the service conduits and apparatus used there with '*in good and substantial repair and condition*', to decorate the exterior of the Buildings, to keep all driveways roads or forecourts parking areas and gardens in reasonable condition and to insure the Buildings, (including the Respondent's property), '*against loss or damage by the insured risks (as hereinafter defined) and such other risks (if any and if so the same shall be included in the expression "the insured risks") as the Lessor shall consider prudent or desirable (including Architects and/or Surveyors Fees) to the full reinstatement value of the Buildings from time to time with a reputable insurance office or underwriter*'.
11. Clause 7 of Part III of the second schedule provides for the lessor to produce an '*Annual Account*' quantifying the amount of the Annual Service Charge to include a summary of the expenses and outgoings incurred by the lessor and for such an account to be certified by the lessor as representing '*a fair and accurate record of the Annual Service Charge*'.
12. Part II of the Fifth Schedule sets out the proportions of the annual service charge payable by the lessee by reference to different types of expense incurred by the lessor.

### **The Service Charges**

13. The Applicant sought a determination as to the amount of service charges payable by the Respondent for the service charge years ending 28 September 2015/16, 2016/17, 2017/18, 2018/19, 2019/20, 2020/21, 2021/22, and 2022/23. (The lease provides for the service charge year to run from 1 April to 31 March in each year. In practice for each of the said service charge years the year has run from 29 September to 28 September. That was not an issue raised by the Respondent and in any event in the view of the Tribunal nothing turns on the point).
14. At the start of the hearing the Tribunal, with reference to the form of annual accounts produced by Mr Stratford and contained in the bundle, sought clarification as to the amount of actual service charges claimed by the Applicant for each of the said service charge years. Mr Stratford confirmed the amounts were as follows:  
2015/16: £1749.24 (page 72), 2016/17: £3581.85 (£910.15 plus £2671.70 in respect of external decoration charges) (page 74), 2017/18: £1402.11 (page 77), 2018/19: £1329.32 (page 81), 2019/20: £1292.27 (page 85), 2020/21: £1259.83 (page 90), 2021/22: £1733.02 (page 96) and 2022/23: £1457.09 (page 100). A total of £13804.73.
15. Both Mr Stratford and Mr Morris confirmed that the total amount paid by Mr Morris during the same period was £7999.29.

16. Mr Morris helpfully confirmed that the figure in the 2016/17 annual account for external painting of £2671.70 was not in dispute. He was content that the consultation requirements of section 20 of the Landlord and Tenant Act 1985 had been complied with.
17. However he was not satisfied that the said consultation requirements had been met in respect of certain tree work carried out. He said that tree work at the property had been carried out over a number of years. In his view that work had been carried out under the terms of one contract. That for the purposes of section 20 of the Landlord and Tenant Act 1985 this amounted to a 'qualifying long term agreement'. That accordingly the amount of service charge that he was required to pay in respect of tree work was limited to £100 per year.
18. In response to a question from the Tribunal, Mr Stratford agreed that the tree work undertaken at the property over a number of years should be described as 'piecemeal'. There were a number of trees at the property. Each year works required to the trees would be identified and a tree surgeon instructed to undertake that work. The work was not carried out under the terms of a long-term contract. Further the tree surgeon instructed each year would not necessarily be the same tree surgeon.
19. Section 20 of the Landlord and Tenant Act 1985 applies to 'qualifying works' (works to the building or other property) and to 'qualifying long term agreements' (an agreement entered into, by or on behalf of the landlord or a superior landlord, for a term of more than 12 months). Section 20 applies where the service charge payable by the lessee in respect of qualifying works exceeds £250 or in respect of a qualifying long term agreement £100 per year. In such event the lessor is required to carry out certain consultation requirements with the lessee as set out in the schedules to the Service Charges (Consultation etc) (England) Regulations 2003 (the Regulations) before commencing the works or entering into a qualifying long term agreement. If the lessor fails to comply with the consultation requirements as set out in the Regulations the amount of service charge that he can recover from an individual lessee is limited in respect of qualifying works to the said sum of £250, and in respect of a qualifying long term agreement to £100 per year. A lessor can apply for dispensation from the need to comply with the consultation requirements under section 20ZA of the Landlord and Tenant Act 1985. Such an application can be made retrospectively.
20. The Tribunal is satisfied that works carried out to trees at the property over a number of years are not works carried out under the terms of a qualifying long term agreement. The Tribunal accepts Mr Stratford's evidence that the works were carried out on a piecemeal basis at various times by different contractors. That works were carried out as and when required. That there was no evidence to the effect that a single tree surgeon was retained under the terms of a single contract over a number of years to carry out tree work at the property.
21. The Tribunal was referred to a single item of expense in relation to tree works referred to in the annual account for the year 2021/22 (page 96). That was tree works/survey at a cost of £3946.60. That included a fee for

a tree survey of £900. Mr Stratford explained that 50% of the cost of that survey, £450, had been paid by the Applicant and therefore the balance that was charged to the service charge account was £3496.60. 6% of that sum was charged to the Respondent's service charge account equating to the sum of £209.80. That fell below the figure of £250 that would trigger the need for a consultation as required by section 20.

22. Similarly in his written submissions the Respondent referred to 'drains repairs' not complying with the section 20 consultation requirements. However there was no evidence before the Tribunal to suggest that such works were carried out under the terms of a qualifying long term agreement. Indeed the annual accounts would indicate that such works were carried out on a piecemeal basis. The Tribunal was also referred to a particular item of expense in relation to the drains at the property in the 2021/22 annual account (page 96) in the sum of £1788 for the cost of a camera survey. 8% of that sum was charged to the Respondent's service charge account producing a figure of £143.04, below the section 20 threshold for a consultation process to be triggered.
23. The Respondent disputes the level of the managing agent's fees charged to the service charge account. The managing agent's fees in the annual accounts varied each year but typically fell into a band of between £300-£365 for each lessee. Mr Stratford was appointed as managing agent of the property in 2015, replacing a company called Fox & Sons. Mr Stratford explained that he had been asked by the Applicant to take over the management of the property and that he had agreed to do so under the terms of a verbal contract on an ongoing basis. That he had continued to manage the property accordingly since that time.
24. The Respondent is highly critical of Mr Stratford's management of the property. He contends that the management charges are excessive not least given what he believes to be Mr Stratford's lack of experience, alleged poor performance, lack of qualifications and lack of membership of any form of regulatory body. He makes the point that following Mr Stratford's appointment the management fees doubled from those previously charged by Fox & Sons. He contends that Mr Stratford has failed to manage the property to the standards that would be expected for example from a member of the Association of Residential Managing Agents (ARMA) or of the Royal Institution of Chartered Surveyors. The Respondent told the Tribunal that in his view if the management fees charged by Mr Stratford were halved that figure would still be 'generous'.
25. The Respondent in his written submissions refers to a failure on the Applicant's part to certify the annual accounts as required by clause 7(iii) of Part III of the second schedule to the lease (page 52). He also refers to what he describes as threats and restrictive practices of Mr Stratford including a threat to cut off the water supply to Stable Cottage if the service charges were not paid. Such behaviour he told the Tribunal was illustrative of Mr Stratford's poor management and attitude. The Respondent also contends in his written submissions that client monies held by Mr Stratford were held illegally.



26. The Respondent in his written submissions refers to what he describes as 'detrimental actions and inactions leading to degradation in appearance and presentation of the Holmfield property over many years'. At the hearing he referred the Tribunal to certain photographs (page 232) of outbuildings described as the laundry area. They show certain outbuildings in an extremely poor state of repair, indeed of collapse. Mr Stratford told the Tribunal that these buildings fell within the sole ownership of the Applicant freeholder and that works of repair or rebuilding as and when carried out would not form part of the service charge payable by the Respondent. The Respondent accepted that the condition of the buildings shown in the photograph didn't impact directly on the service charge payable by him. His submission was that the want of repair to the outbuildings was indicative of the poor attitude of the Applicant to the overall management of Holmfield.
27. The Respondent referred to a list of ARMA registered members located within 100 miles of the property, excluding London. There were 34 members. The Respondent was not able to adduce any evidence in the form of alternative quotes or estimates for the cost of managing the property. He explained that it was very difficult to obtain a quotation or an estimate when in reality he wasn't in the position to make an appointment.
28. Mr Stratford told the Tribunal that he had run a property business for 24 years. That had been the business of estate agent, agricultural agent, land agent, and lettings agent. However, he had not previously acted as a managing agent of property. That Holmfield was the first property in respect of which he had acted as a managing agent. It was he said a new experience for him. His office had been in Lyndhurst close to the property which provided a degree of practical convenience in the management of it (although he now lived and worked from home in Winchester). The previous agents Fox & Sons had been based in Southampton. That he had extensive experience of properties in the New Forest. That he visited the Holmfield site once a month on average. He explained that given the nature of Holmfield its management was rather different to managing for example a block of residential flats. He was not a member of ARMA but had previously been a fellow of the National Association of Estate Agents, a member of the Association of Letting Agents and a member of the Guild of Property Professionals. He had considered applying to be registered as a member of ARMA but in the event given that Holmfield was the only property that he managed, and that he was not intending to manage any other properties, he took the view that the cost of membership would not be justified.
29. Mr Stratford told the Tribunal that service charge payments received from lessees at Holmfield were paid into a separate service charge bank account. He accepted that threats that he had made historically to cut off the water supply to Stable Cottage were wrong, that he shouldn't have made them and that that he was sorry for doing so.
30. The Tribunal has considered the submissions of both parties carefully, both the written submissions and those made at the hearing. The nature of Holmfield as a Victorian residence converted into two residential units

undoubtedly brings with it its own particular management challenges and difficulties. The Respondent is critical of Mr Stratford's management performance and there has clearly been a breakdown in the relationship between them as is evidenced by some of the correspondence contained in the hearing bundle. Properly, under the terms of the lease, the Applicant should certify the annual service charge accounts but has failed to do so. However given that the lease does not require the account to be certified by an independent third party such as a chartered accountant the Tribunal does not accept that detriment, certainly a financial detriment, has been caused to the Respondent.

31. There may well be elements of Mr Stratford's management of the property which could be improved upon possibly in relation to communication and presentation of the annual service charge accounts. However, there is no comparable evidence before the Tribunal to suggest that the management fees charged have not been reasonably incurred. In all the circumstances, upon the basis of evidence before it the Tribunal is satisfied that the management charges shown in the annual service charge accounts have been reasonably incurred.
32. However, the agreement to manage Holmfield made between the Applicant and Mr Stratford in 2015, albeit a verbal agreement, which has continued unabated since, is in the view of the Tribunal a qualifying long term agreement for the purposes of section 20 of the Landlord and Tenant Act 1985. The consultation process required by that section should have been undertaken by the Applicant with the lessees prior to entering into the agreement. In the absence of that consultation or of order dispensing with the need to do so, the amount of service charge payable by the Respondent in respect of managing agents fees is limited to £100 per year. That equates to a reduction in service charge payments payable by the Respondent for the service charge years in question of £1655.
33. The lease requires the lessor to insure the buildings at Holmfield to their full reinstatement value from time to time with a reputable insurance office or underwriter. The cost of insurance forms part of the service charge payable under the terms of the lease by the Respondent. The lease provides that the proportion payable by the Respondent is 12.5% of the buildings insurance premium incurred by the Applicant (part II of the Fifth Schedule page 57). In practice the Applicant has sought a figure closer to 8%.
34. The Respondent told the Tribunal that the insurance premium had increased significantly in 2015/16 following a large insurance claim made in respect of one of the residential properties at Holmfield (not Stable Cottage). He submitted that in such circumstances it would be equitable for the increase in the amount of the insurance premium to be borne primarily by the owner of the property which has been the subject of the insurance claim. Had it been Stable Cottage which had been subject to such a claim he would have accepted he said his share of the insurance premium being increased accordingly.
35. Further the Respondent contends that the cost of insurance has been unreasonably incurred compared with the cost of insuring other

properties of similar size and character. He made reference to another property that he owns in Brockenhurst Hampshire only a few miles from Stable Cottage. That is a property which he described as an end of terrace house of similar size and nature to Stable Cottage. By way of comparison he listed (page 244) the annual premium to insure his property in Brockenhurst which he says is half, sometimes less than half, of the amount that he pays for insurance in respect of Stable Cottage as part of his service charge. The Respondent also questioned whether commission for arranging insurance, which he assumed had been received by Mr Stratford, should have been credited to the service charge account. The Respondent accepted that the appropriate buildings insurance premium was not necessarily the cheapest.

36. Mr Stratford explained that he arranged buildings insurance cover through insurance brokers. That the brokers examined the insurance market and obtained alternative quotes. That he asked the brokers to provide a list of insurance companies that they contacted. That he used a broker as he put it 'to get the best deal'. He said that he did not receive any form of commission. That he currently uses a broker called T & R Direct based in Poole and had previously used a broker called Trevor Davies based in Marchwood (Mr Davies's practice having been taken over by T & R Direct). He didn't accept the Respondent's suggestion that increased insurance premiums caused by an insurance claim should be borne solely by the owner of the property that had been the subject of the claim. Nor did he accept that it would be appropriate to insure the individual leasehold properties at Holmfield separately as opposed to insuring it as a whole under the terms of a block policy.
37. In the view of the Tribunal the lease requires the lessor to insure the buildings at Holmfield as a whole under one policy. It is not open to the lessor to arrange separate insurance cover for each individual residential unit. Even if that were possible the administrative time and costs of doing so would be disproportionate and any claim involving more than one residential unit would no doubt give rise to difficulties particular if different insurance companies were involved.
38. The Respondent has produced figures for the cost of insuring a property owned by him in Brockenhurst which he says is comparable to Stable Cottage. He has not produced any documents in support of those figures. In any event evidence of the cost of insuring a single cottage in Brockenhurst is not comparable evidence to the cost of insuring the buildings at Holmfield as a whole. It is not a like for like comparator. It is sensible and reasonable for Mr Stratford to instruct insurance brokers to arrange the insurance cover for Holmfield to include obtaining alternative quotations. The Tribunal notes that Mr Stratford does not receive commission for arranging the buildings insurance. It does not accept a suggestion made by the Respondent at the hearing that Mr Stratford should in some way take steps to try and reduce or claw back some of the commission received by the insurance broker.
39. There is nothing in the evidence before it to suggest to the Tribunal that the costs of insuring the buildings at Holmfield have not been reasonably

incurred. The Tribunal is satisfied that such costs have been reasonably incurred and are recoverable as part of the service charge payable.

40. The Tribunal is satisfied that the service charges claimed by the Applicant for the said service charge years are recoverable under the terms of the lease and have been reasonably incurred save that for the reasons stated the amount payable by the Respondent in respect of management fees is limited to £100 per annum, an overall reduction of £1655.

### **The Administration Charges**

41. The Applicant sought a determination that the Respondent was responsible for paying certain administration charges in the form of interest charged at 4% above the Base Rate from time to time for alleged late payment of service charges and ground rent (for example see pages 75, 78, 80, 82, 91, 92, 93 and 97), and for what were described as 'additional management charges' of £1050 for costs incurred by the Applicant's agent in seeking to recover alleged arrears of service charges from the Respondent (page 98).
42. When questioned by the Tribunal Mr Stratford accepted that there was no provision in the lease that allowed for the recovery of interest charges in relation to late payment of ground rent or service charges and that such sums could not be recoverable. As to the 'additional management charges' the Tribunal asked Mr Stratford to take it to the provision(s) in the lease upon which the Applicant relied to recover such charges and allowed Mr Stratford the lunch break to consider. Mr Stratford referred the Tribunal to clause 9 of Part I of the second schedule (page 45) which provides that the lessee will: *'... pay all costs charges and expenses (including Solicitors costs and Surveyor's fees) incurred by the Lessor for the purpose of or incidental to the preparation and service of a notice under section 146 of the Law of Property Act 1925 notwithstanding forfeiture may be avoided otherwise than by relief granted by the Court'*.
43. Claims made by the Applicant for additional management charges incurred in seeking to recover arrears of ground rent and service charges from the Respondent are not costs, charges or expenses incurred for the purpose of or incidental to the preparation and service of a notice under section 146 of the Law of Property Act 1925.
44. It follows that the Tribunal determines that the administration charges sought by the Applicant from the Respondent in the form of claims for interest for late payment of service charges and ground rent and in respect of alleged additional management charges are not payable by the Respondent.

### **Summary of the Tribunal's Decision**

45. The Tribunal determines that the amount of service charge payable by the Respondent for the service charge years listed at paragraph 14 above are

as set out in that paragraph but reduced by reason of the amount payable in respect of management fees being limited to £100 per year for the reasons stated at paragraph 32 above. Accordingly the sums payable are as follows:

Service Charge Year	Amount Payable
2015/16	£1549.24
2016/17	£3561.85
2017/18	£1202.11
2018/19	£1069.32
2019/20	£1067.27
2020/21	£1024.83
2021/22	£1483.02
2022/23	£1192.09
Total:	£12,149.73

The total paid by the Respondent is £7,999.29 leaving a balance outstanding of £4150.44.

46. The Applicant is not entitled to recover administration charges claimed as interest in respect of outstanding ground rent and service charges. The Applicant is not entitled to recover additional management charges claimed for costs or fees incurred in seeking to recover arrears of ground rent or service charges.

### **Referral to the County Court**

47. At the conclusion of the hearing before the Tribunal and in accordance with the directions referred to above the outstanding issues in relation to the Applicant's claim for ground rent, statutory interest and court fees were referred to Tribunal Judge Jutton sitting as a Judge of the County Court to be heard immediately after the conclusion of the Tribunal hearing

Dated this 21<sup>st</sup> day of October 2024

Judge N P Jutton

### **Appeals**

1. A person wishing to appeal this decision to the Upper Tribunal (Lands Chamber) must seek permission to do so by making written application by email to [rpsouthern@justice.gov.uk](mailto:rpsouthern@justice.gov.uk) to the First-tier Tribunal at the Regional office which has been dealing with the case.

2. The application must arrive at the Tribunal within 28 days after the Tribunal sends to the person making the application written reasons for the decision.
3. If the person wishing to appeal does not comply with the 28-day time limit, the person shall include with the application for permission to appeal a request for an extension of time and the reason for not complying with the 28-day time limit; the Tribunal will then decide whether to extend time or not to allow the application for permission to appeal to proceed.
4. The application for permission to appeal must identify the decision of the Tribunal to which it relates, state the grounds of appeal, and state the result the party making the application is seeking.