



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

Case reference : **LON/00BA/LSC/2024/0155**

Property : **85 Framfield Road, London, CR4 2AW**

Applicants : **Olivia Johnson and Peter Christensen
(Flat A)
Lesli Good (Flat B)**

Representative : **Lesli Good**

Respondent : **Christopher O'Dell**

Representative : **Mr Khan and Mr Arjun of Praxis Block
Management**

Type of application : **For the determination of the liability to
pay service charges under section 27A of
the Landlord and Tenant Act 1985**

Tribunal members : **Judge Bernadette MacQueen
Marina Krisko, FRICS**

Venue : **10 Alfred Place, London WC1E 7LR**

Date of decision : **28 October 2024**

DECISION

Decisions of the Tribunal

- (1) The Tribunal determines that the amounts as set out in the Schedule below are payable by the Applicants in respect of the disputed service charges.
- (2) The Tribunal makes the determinations as set out under the various headings in this Decision.
- (3) The Tribunal makes an order under section 20C of the Landlord and Tenant Act 1985 so that none of the landlord's costs of the Tribunal proceedings may be passed to the lessees through any service charge and an order under paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002 extinguishing any liability to pay an administration charge in respect of litigation costs in relation to the proceedings.

The Application

1. The Applicants sought a determination pursuant to section 27A of the Landlord and Tenant Act 1985 as to the amount of service charges payable by the Applicants in respect of the service charge years 2018/19, 2019/20, 2020/21, and 2021/22 and future years 2022/23 and 2023/24.
2. The Applicants also sought an order section 20C of the Landlord and Tenant Act 1985 so that none of the landlord's costs of the Tribunal proceedings may be passed to the lessees through any service charge and an order under paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002 extinguishing any liability to pay an administration charge in respect of litigation costs in relation to the proceedings.

The Hearing

3. One of the Applicants, Lesli Good, appeared in person on behalf of the Applicants. Lesli Good confirmed that Olivia Johnson and Peter Christensen were out of the country and so were unable to attend; however, Lesli Good confirmed that she was representing all of the Applicants.
4. The Respondent did not appear; however, Mr Khan and Mr Arjun, Assistant Property Managers of Praxis Block Management, appeared on behalf of the Respondent. Praxis Block Management were the managing agents for the Property.

5. Following directions made by the Tribunal dated 21 May 2024, the Tribunal had been provided with a bundle of documents which consisted of 475 pages, in addition the Applicants had provided the Tribunal with a skeleton argument.
6. Neither party requested an inspection and the Tribunal did not consider that one was necessary, nor would it have been proportionate to the issues in dispute.

The Background

7. The application related to 85 Framfield Road, London, CR4 2AW (the Property). The Property was a house that was converted into two maisonettes in 2017. The Respondent was the landlord.
8. The Applicants held long leases for the Property which required the landlord to provide services and the tenants to contribute towards their costs by way of a variable service charge. A copy of the leases for the Property were within the bundle at pages 30 to 100. The specific provisions of the leases will be referred to below, where appropriate.
9. The Respondent confirmed that service charge statements for the service charge years 2018/19, 2019/20, 2020/21 and 2021/22 were final statements but that budget amounts were levied for 2022/23 and 2023/24.

The Issues

10. At the start of the hearing the parties identified the relevant issues for determination as follows:
 - (i) The reasonableness of the insurance premium for all of the service charge years in dispute namely 2018/19, 2019/20, 2020/21, 2021/22, 2022/23 and 2023/24
 - (ii) The valuation fee of £300 for 2018/19 and 2022/23
 - (iii) Management fee for service charge years 2019/20, 2020/21, 2021/22, 2022/23
 - (iv) Interest payment for service charge year 2023/24
 - (v) Administration fee 2023/24
 - (vi) Asbestos survey for 2023/24

The Applicants produced the following table which set out the amounts in dispute:

Year	Valuation fee	Management fee	Interest	Admin fee	Professional fee (asbestos survey)
2018/19	300.00				
2019/20		300.00			
2020/21		320.00			
2021/22		330.00			
2022/23	240.00	340.00			
2023/24	240.00		726.44	360.00	319.20

Lesli Good confirmed that, in addition to the items set out in the table, insurance premiums were in dispute.

11. Having heard evidence and submissions from the parties and considered all of the documents provided, the Tribunal made determinations on the various issues as set out in this Decision.

Insurance Premium for all Disputed Service Charge Years

12. There was no dispute between the parties that insurance was payable by the Applicants under the lease. The issue for the Tribunal was the reasonableness of the amount charged by the landlord.
13. The Applicants submitted that the insurance premium for the 2018/19 service charge year had been incorrectly calculated because the Applicants had already paid the 2018/19 insurance premium to the previous landlord.
14. Praxis Block Management, on behalf of the Respondent, confirmed, following further enquiries, that the freeholder had received a credit and that this had not been passed on to the Applicants. The Applicants' account should therefore be credited with £394.52.
15. The Applicants further submitted that the premiums they were charged were not reasonable. To support this position, the Applicants had obtained quotes from insurance companies which were included within the bundle at pages 363 to 475. At page 363 the Applicants had produced the insurance premium for the period 15 December 2017 to 14 December 2018, which had an annual total premium of £770.30. The Applicants had also obtained comparison quotes for 2024 which were as follows:

First Flats Insurance - £1,202.60

Commercial Express - £1,404.60 if rebuild costs £1 million and £1,114.33 if rebuild costs were £750, 000

16. The Applicants told the Tribunal that it was their view that the cost for the reinstatement value for the Property was too high and therefore this was making the premium more expensive than it should have been. Additionally, it was the Applicants’ position that cover for terrorism was included but that this was not something that was required under the lease. It was their view that the addition of terrorism cover increased the policy by £200.
17. The Applicants produced the following summary of the amounts charged by the Respondent and their submission as to what the premium should be:

Respondent’s Charges		Applicants’ Adjusted Charges
2018/19	£1398.16	£776.30 (Aviva comparison)
2019/20	£1476.98	£803.00 (3.4% increase)
2020/21	£1522.51	£847.15 (5.5% increase)
2021/22	£1614.44	£919.15 (8.5% increase)
2022/23	£1894.08	£1,007 (9.51% increase)
2023/24	£2074.87	£1,074.46 (6.7% increase)

18. In reply, the Respondent confirmed that the insurance cover provided for the Property was under a block policy. The Respondent confirmed that the type of property covered by this block policy was mixed but that on average the properties covered consisted of 4 or 5 units. The Respondent confirmed that there was no claims history for the Property but because the policy was a block policy the claims history for the other properties was included.
19. The Respondent further confirmed that an insurance valuation dated 8 June 2018 had informed the rebuild costs. Additionally, the policy had been obtained through an insurance broker, Clear Insurance Management Ltd which meant that the market had been tested. It was the Respondent’s position that the block policy covered all of the requirements of the lease and had favourable terms. The Respondent had set out the benefits of the policy within the Schedule (pages 262 to 263).

20. Regarding the Aviva policy for 2017/18, the Respondent’s view was that the reinstatement value of £400,000 would mean that the Property was underinsured.

Tribunal Decision - Insurance

21. The Tribunal accepts the evidence of the Applicants and in particular the quotations that they had obtained. The Tribunal finds that, because the Property was covered under a block policy, the insurance premiums were higher and that this resulted in an unreasonable charge. In particular, this was because the Property did not have any claims history and was converted as recently as 2017. The Tribunal therefore does not find the premium charged under the block policy suitable for the Property.
22. Regarding the reinstatement value, the Tribunal does not accept the Respondent’s position that the policy produced by the Applicants meant that the Property was underinsured. The Tribunal notes that the building insurance e-valuation for the Property dated 18 May 2022 set the rebuilding value at £531,000 (excluding VAT), which is within the parameters of the comparison quotations obtained by the Applicants. It also means that the rebuild cost for 2017 of £400, 000 was realistic.
23. The Tribunal does not accept the Applicants’ submission that terrorism should not be included. Terrorism cover forms part of insurance policies and was permitted within the lease as the lease provided for “any other risks which the Landlord reasonably decided to insure against from time to time”.
24. The Tribunal reviewed the comparisons obtained by the Applicants and also considered this against the existing block policy. The Tribunal has accepted the statement value of the 2022 report and has also included terrorism cover within the policy and, using its expert knowledge, determines the following amounts as reasonable:

Year	Amount	Amount to be Credited to Applicants
2018/19	£898.82	£394.52
2019/20	£930.46	
2020/21	£984.61	
2021/22	£1,076.07	

2022/23	£1,189.16	
2023/24	£1,274.46	

Valuation Fee (Insurance Valuation)

- 25. The Applicants had included three disputed amounts, namely £300 for 2018/19, £240 for 2022/23 and £240 for 2023/24. However, the Respondent confirmed that a valuation fee had not been included within the 2023/24 accounts. The Tribunal was therefore only considering the £300 from 2018/19 and £240 for 2022/23.
- 26. The Applicants told the Tribunal that this charge was unreasonable and that they would expect the insurance company to carry out the valuation. Additionally, the Applicants stated that they had not received any receipts of documentation concerning these valuations.
- 27. The Respondent told the Tribunal that the valuation was necessary to ensure that the correct reinstatement value was achieved. It was the Respondent’s view that this could not be completed by the insurance company and instead needed an accurate valuation. The 2018/19 report was completed when the Respondent took over the Property and the 2022/23 report was completed to ensure that the valuation was still accurate.

Tribunal Decision - Valuation Fee (Insurance Valuation)

- 28. The Tribunal accepts the submissions of the Respondent and finds that the amount charged for completing the valuation was reasonable. The Tribunal also finds that the valuation was necessary when the Respondent took over the Property and also that it was reasonable to repeat the valuation in 2022/23.
- 29. In terms of the valuation being sent to the Applicants, the Tribunal notes that the 2022/23 service charges were estimated and so in due course the invoices and receipts would be available to the Applicants.

Management Fees

- 30. The Applicants submitted that the management fees for 2019/20 through to 2022/23 were not reasonable. It was the Applicants’ position that the Property required very little management and therefore they believed the amount they were charged was unreasonable.

31. Additionally, the Applicants told the Tribunal that they had evidenced within their bundle the occasions where they had required a response from the Respondent but had not received an efficient service. The Applicants confirmed that they had not been able to obtain a quotation as a comparison to the management fee.
32. The Respondent told the Tribunal that the management fee covered administration costs of managing payments and accounts and monitoring the lease. The managing agent did not collect the ground rent. It was the Respondent's position that it would not be possible to be able to cover this work at any lower cost and the Respondent told the Tribunal that in their view an average management fee for the level of service provided to the Property was between £250-£300 per unit. In this case the charge was £150 per unit, which the Respondent believed was reasonable.

Tribunal Decision – Management Fees

33. The Tribunal accepts that, whilst the management fees covered limited work, the market rate for such management fees meant that the charges were reasonable. The Tribunal accepts the evidence of the Respondent that it would not have been possible for the work to be completed for a lower fee.
34. The Tribunal hopes that going forward the communication between the parties can improve, so that the tenants' queries are dealt with promptly.

Interest

35. The Tribunal was not able to consider interest because this related to non-payment of service charge which the Tribunal was not considering.
36. Parties agreed that on receipt of the Tribunal's decision, the Respondent would produce an amended service charge schedule and as part of this they would ensure that the interest charged accurately reflected the adjusted accounts.

Administration Fee – 2023/24

37. The Respondent confirmed that £360 for 2023/24 had been refunded and so there was no charge being made for this item. The Respondent would ensure that this was not included in the service charge accounts for the Applicants.

Asbestos Survey

38. The Applicants' position was that they did not believe this survey was necessary. It was completed without attendance at the Property.
39. The Respondent explained that the survey was necessary as it was a legal requirement for the landlord.

Tribunal's Decision – Asbestos Survey

40. The Tribunal accepts that an asbestos survey was a requirement upon the landlord. The Tribunal notes that the survey had not been completed before and therefore it was reasonable for a landlord to complete the survey.
41. The Tribunal notes that the amount charged was part of the estimated service charges and so the Applicants will be sent the report and will have the opportunity to consider the amount charged. However, it is the Tribunal's view that the survey is necessary, and the amount charged for the survey is reasonable.

Schedule

42. The Tribunal finds that the following amounts are payable:

Service Charge Year	Insurance	Valuation Fee	Management Fee	Asbestos Survey
2018/19	£504.30 (£898.82 less credit of £394.52)	£300		
2019/20	£930.46		£300	
2020/21	£984.61		£320	
2021/22	£1,076.07		£330	
2022/23	£1,189.16	£240	£340	
2023/24	£1,274.46			£319.20

Application for orders under section 20C of the Landlord and Tenant Act 1985, Commonhold and Leasehold Reform Act 2002, schedule 11, paragraph 5A

43. In the application form the Applicants applied for an order under section 20C of the Landlord and Tenant Act 1985 and schedule 11, paragraph 5A Leasehold Reform Act 2002 extinguishing any liability to pay an administration charge in respect of litigation cost in relation to the Proceedings.
44. The Tribunal determines that it is just and equitable to make these orders given the findings of the Tribunal.

Name: Judge Bernadette MacQueen **Date:** 28 October 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).