



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

Case reference : **LON/00BD/OC9/2024/0093**
Property : **Flat 2 Manor Court, Manor Road,
Twickenham, London, TW2 5DL**
Applicant : **Bastion Products Limited**
Representative : **Wallace LLP**
Respondents : **Grado Developments Limited**
Representative : **Setfords**
Type of application : **Application for determination as to
reasonable costs**
Tribunal : **Judge Shepherd**
Date of Hearing : **Paper application**
Date of Decision : **5th November 2024**

Decision

© Crown Copyright

1. This is an application for a determination of the costs to be paid under s.60(1) of the Leasehold Reform Housing and Urban Development Act 1993 (“The Act”). The Applicant is Bastion Products Limited the intermediate landlord of premises at Flat 2, Manor Court, Manor Road, Twickenham, TW2 5DL (“The premises”) The Respondent is the leaseholder of the premises. The application arises from the costs incurred by the Applicant in responding to a lease extension claim.

2. The background to the matter is as follows.

a. On 20th December 2023 the Respondent’s predecessor in title made an application for the grant of a new lease.

b. On 20th December 2023 there were successive assignments of the flat and the notice to the Respondent.

c. On 24th February 2024 the Competent Landlord Northumberland and Durham Property Trust served a counter notice under s.45 of the Act, admitting that the entitlement to the grant of a new lease but stating without prejudice that the notice was invalid as there was no premium offered to the intermediate landlord and the notice was not signed in accordance with s.99 of the Act.

d. On 28th February 2024 the Applicant served a landlord's notice to act independently.

e. On 5th March 2024 the Respondent accepted the notice was invalid.

3. The dispute between the parties concerns the legal fees and surveyor's fees incurred and claimed by the Applicant. The amount sought is £2012.50 plus vat for the legal costs and £500 plus vat for surveyor's fees.

The law

4. . S.60 of the Act states the following:

60.— Costs incurred in connection with new lease to be paid by tenant.

(1) Where a notice is given under section 42, then (subject to the provisions of this section) the tenant by whom it is given shall be liable, to the extent that they have been incurred by any relevant person in pursuance of the notice, for the reasonable costs of and incidental to any of the following matters, namely—

(a) any investigation reasonably undertaken of the tenant's right to a new lease;

(b) any valuation of the tenant's flat obtained for the purpose of fixing the premium or any other amount payable by virtue of Schedule 13 in connection with the grant of a new lease under section 56;

(c) the grant of a new lease under that section;

but this subsection shall not apply to any costs if on a sale made voluntarily a stipulation that they were to be borne by the purchaser would be void.

(2) For the purposes of subsection (1) any costs incurred by a relevant person in respect of professional services rendered by any person shall only be regarded as reasonable if and to the extent that costs in respect of such services might reasonably be expected to have been incurred by him if the circumstances had been such that he was personally liable for all such costs.

(3) Where by virtue of any provision of this Chapter the tenant's notice ceases to have effect, or is deemed to have been withdrawn, at any time, then (subject to subsection (4)) the tenant's liability under this section for costs incurred by any person shall be a liability for costs incurred by him down to that time.

(4) A tenant shall not be liable for any costs under this section if the tenant's notice ceases to have effect by virtue of section 47(1) or 55(2).

(5) A tenant shall not be liable under this section for any costs which a party to any proceedings under this Chapter before [the appropriate tribunal]¹ incurs in connection with the proceedings.

(6) In this section “relevant person”, in relation to a claim by a tenant under this Chapter, means the landlord for the purposes of this Chapter, any other landlord (as defined by section 40(4)) or any third party to the tenant’s lease.

Determination

5. The Respondent says that the Applicant is not entitled to recover the costs claimed because it ought to have been obvious to the Applicant that the notice was invalid and did not warrant any further work on it. The Applicant says that the counternotice had to be served because there are inherent risks in not serving a counter notice. In order to serve the counternotice legal and valuation fees had to be incurred.

6. One questions why, if the notice was so glaringly defective and the Respondent wanted to distance themselves from it they did not immediately write to the Applicant to say this to stop them doing any work,

9. The Applicant is right that the prudent course was to carry out the work until such time as the Respondent accepted the invalidity of the notice. This area of the law is fraught with difficulty. It is impossible to predict what the other party is going to argue or what tactics they may employ in the future. The Applicant was correct to protect itself and carry out the work. The Applicant is entitled to its costs of £2512.50 plus vat. These sums patently do not infringe the indemnity principal.

Judge Shepherd

5th November 2024

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

1. A written application for permission must be made to the First-tier Tribunal at the Regional tribunal office which has been dealing with the case.
2. The application for permission to appeal must arrive at the Regional tribunal office within 28 days after the date this decision is sent to the parties.
3. If the application is not made within the 28-day time limit, such application must include a request for an extension of time and the reason for not complying with the 28-day time limit; the Tribunal will then look at such reason(s) and decide whether to allow the application for permission to appeal to proceed despite not being within the time limit.
4. The application for permission to appeal must state the grounds of appeal, and state the result the party making the application is seeking. All applications for permission to appeal will be considered on the papers
5. Any application to stay the effect of the decision must be made at the same time as the application for permission to appeal.