

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

Case references	:	<ol> <li>LON/00AE/LSC/2023/0317</li> <li>LON/00AE/LSC/2023/0400</li> </ol>		
Properties	:	<ol> <li>Flat 14 Talbot Court Blackbird Hill London NW89 8SB</li> <li>Flat 19 Talbot Court Blackbird Hill London NW89 8SB</li> </ol>		
Applicant	:	Talbot Group Limited		
Representative	:	Lazarev Cleaver LLP		
Respondents	:	<ol> <li>K V K Kotecha and B Kotecha</li> <li>R Gonzalez</li> </ol>		
Representative	:	<ul><li>(1) D Parmar</li><li>(2) E Montoya</li></ul>		
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 Pittaway Mrs S Phillips MRICS		
Venue	:	10 Alfred Place, London WC1E 7LR		
Date of hearing	:	2 August 2024		
Date Tribunal reconvened (without parties)	:	23 October 2024		
Date of decision	:	5 November 2024		

## DECISION

# **Decisions of the Tribunal**

- (1) The Tribunal makes the determinations as set out under the various headings in this Decision
- (2) Since the Tribunal has no jurisdiction over county court costs and fees, this matter should now be referred back to the Willesden County Court.

### The application

- 1. The Applicant seeks a determination pursuant to s.27A of the Landlord and Tenant Act 1985 ("the **1985 Act**") and Schedule 11 to the Commonhold and Leasehold Reform Act 2002 ("the **2002 Act**") as to the amount of service charges and (where applicable) administration charges payable on account by the Respondents in respect of the service charge years from December 2018.
- 2. Proceedings were originally issued in the County Court Business Centre Northampton under claim no. H9QZ8G7P on 20 September 2021 in respect of Mr and Mrs Kotecha (the '**First Respondents**'). The claim was transferred to this tribunal, by order of District Judge Orger sitting at Willesden County Court on 19 January 2022. The amount claimed by the Applicant by way of service charge and administration charges for the period to 25 September 2021 was £15,112.29. Costs of £1,087.20 were claimed under clauses 2(xv) and (xvi) of the Lease.
- 3. Proceedings were originally issued in the County Court Business Centre under claim number KoQZ170D on 6 February 2023 in respect of Ms Raquel Gonzalez (the **'Second Respondent')**. This claim was transferred to this tribunal by order of District Judge Griffiths sitting at Willesden County Court on 13 July 2023. The amount claimed by the applicant by way of service charge and administration charges for the period to 25 September 2021 was £11,200.83. Costs of £1,378.80 were claimed under clauses 2(xv) and 2(xvi) and 3(j) of the lease.
- 4. By Directions dated 3 November 2023 Judge Martyński directed that as the cases both appeared to relate to the charge for the same major works the cases would be managed and heard together. He clarified that the tribunal would only deal with service charges and administration charges, the latter including any costs and interest charged pursuant to the terms of the leases.
- 5. By Further Directions dated 1 March 2024 the Respondents were directed to produce a Statement of Case setting out each service charge or administration charge disputed, with reasons and setting out any alternative sum offered. The Applicant was directed to produce a Statement in Reply.

# <u>The Hearing</u>

- 6. The Applicant was represented by Ms Gourlay of counsel at the hearing. Mr and Mrs Katecha were represented by Ms Parmar. Mrs Gonzalez was represented by her daughter Ms Montaya. At the hearing the Tribunal had before it a bundle of 368 pages and a witness statement from Ms Gonzalez of 14 pages. It also had before it a Note prepared by Ms Gourlay dated 1 August 2024 (4 pages).
- 7. The Tribunal heard evidence from Ms Conman of Urang, the Applicant's managing agents, and Mr McCarthy, the tenant of another flat in the block of which Flats 14 and 19 form part.
- 8. The bundle also contained witness statements by Ms Kesarya Bell, Ms Rita Gupta, Ms Raquel Gonzalez and Mr and Mrs Kotecha, none of whom attended the hearing.
- 9. The Tribunal heard submissions from Ms Parmar, Ms Montoya and Ms Gourlay
- 10. During submissions Ms Gourlay referred to authorities which were not before the Tribunal nor the respondents, namely

### Knapper v Francis [2017] WL 11841 (2017) ('Knapper')

Bluestorm Ltd v Portvale Holdings Ltd [2004] EWCA Civ 289 ('Bluestorm')

- 11. It was agreed at the hearing that these would be provided to the Tribunal and the Respondents, and that the Respondents would have the opportunity of making written representations on these after the hearing, with the Applicant having the right to make a short written reply, and before the Tribunal made its decision. The timing of these representations was agreed at the hearing.
- 12. Representations on the authorities were received from both parties.
- 13. The Tribunal reconvened without the parties present to reach its determination.

## <u>The background</u>

- 14. There are two claims transferred from the county court before the Tribunal. One relates to Flat 14 and the other to Flat 19 Talbot Court Blackbird Hill London NW89 8SB.
- 15. The account in the bundle for Flat 14 (p.85) lists a balance on the account brought forward at 12 July 2019 of £757.92, demands for payments of

service charge on account, the first being a demand for on account payment for the period 26 December 2018 to 25 March 2019. The final demand for on account payments of service charge is for the period 26 March 2021 to 25 June 2021. The account also lists 'Additional service charge of £9,393.297' demanded on 3 December 2020, and administration fees of £300 charged on 21 April 2021 for arrears collection.

- 16. The account in the bundle for Flat 19 (p182) lists demands for payments of service charge on account, the first being a demand for on account payment for service charge for the period 26 December 2018 to 25 March 2019. The final demand for on account payments of service charge is for the period 26 June 2021 to 25 September 2021. The account also lists 'Additional service charge of  $\pounds$ 9,892.23 demanded on 3 December 2020, and administration fees of  $\pounds$ 300 charged on 21 April 2021 for arrears collection.
- 17. The bundle contains Budget Certificates for the part year December 2018 to March 2019 and the years to 25 March 2020 2021 and 2022, broken down as follows

Item	Dec. 2018 - 25 Mar 2019-	y/e 25 March 2020	y/e 25 March 2021	y/e 25 March 2022
Gutter cleaning		£300	£300	£500
General building repairs	£10,000	£6,000	£5,000	£5,000
Drainage		£600	£600	£600
General cleaning	£2,000	£3,000	£3,000	£3,000
Junk removal		£500	£500	
Pest control		£1,000	£500	£500
Garden and grounds maintenance	£2,000	£3,000	£4,000	£4,000
Electricity	£750	£1,000	£900	£900

Accountancy fees	£500	£450		
Management services	£5,500	£6,270	£5,940	£6,240
Health & Safety Assessments	£1,000	£1,500	£1,000	£1,000
Building Insurance	£6,500	£6,500	£6,500	£8,000
Contingency		£6,684	£5,000	£5,000
Bank charges			£60	£60
Emergency out of hours service			£216	
Refuse and bin costs				£900
TOTAL	£28,250	£36,804	£33,516	£35,700

- 18. Neither party requested an inspection and the tribunal did not consider that one was necessary, given that the dispute relates to payment of service charges on account.
- 19. The Respondents hold long leases of Flats 14 and 19 respectively which require the landlord to provide services and the tenant to contribute towards their costs by way of a variable service charge, with the provision for on account payments by way of anticipated service charge. The specific provisions of the leases and will be referred to below, where appropriate.

### <u>The issues</u>

- 20. At the start of the hearing the parties identified the relevant issues for determination as follows:
  - (i) The liability to pay and reasonableness of the service charge on account demanded for part service charge year December 2018

to March 2019 and for the service charge years to March 2020, 2021 and 2022,

- (ii) The liability to pay and reasonableness of the sum demanded on account in respect of major works demanded on 3 December 2020 of £9,892.23 (which was previously demanded in October 2019 but then recredited to the respondents' accounts in October 2020), and
- (iii) The liability to pay and reasonableness of the administration charges of  $\pounds_{300}$  charged by the Applicant to each of the Respondents.
- 21. While not referred to by the parties at the hearing there was also before the Tribunal the payability and reasonableness of the sum of  $\pounds$ 757.92 brought forward at 12 July 2019, being a balance on the account in respect of Flat 14.

### Liability to pay and reasonableness of service charge on account.

- 22. For the Applicant Ms Gourlay submitted that all the sums in dispute are interim/on account demands. Ms Gourlay submitted that there is no requirement to consult before interim sums are demanded, including in respect of the major works.
- 23. In its statement of case the Applicant referred the Tribunal to the onaccount service charge demands in the bundles for the years 2018-2022, which it stated were calculated on the basis of the estimated costs and expenses in the relevant years.
- 24. Ms Conman, as head of major works at Urang, was unable to comment on whether the services the subject of the estimated costs had been provided.
- 25. The Applicant submitted that the premises were uninsurable due to the roof condition, and that there is no insurance currently in place.
- 26. The proposed major works the subject of a demand on 3 December 2020 concern the repair and replacement of the roofs at both the building which is 14-19 Talbot Court ('**Block C**') and to the roofs of the two buildings which contain flats 1-12 Talbot Court ('**Blocks A and B'**).
- 27. In 2019 an original works specification had been drawn up and statutory consultation took place, after which service charge demands were issued to the tenants. A significant number of tenants failed to pay the demands. The roofs of all Blocks continued to deteriorate so that a new works specification had to be prepared. Fresh consultation took place in 2023,

by when the cost of the works had risen significantly, from £175k-190k in 2019 for all three roofs to approximately 175k-385k for Blocks A and B and £94k-£230k for Block C.

- 28. Ms Conman gave evidence that the sum of £9,892.23 demanded on 3 December 2020 was the then cost of the works to the roofs of all three Blocks apportioned to each flat in accordance with the provisions of each lease.
- 29. The Respondents gave evidence that Block C had remained uninsured for the whole of the relevant period, there had been no maintenance or cleaning of Block C or its common parts, that Block C has had no works of general repair carried out to it in the years in question, that there had been no health and safety management (despite the proximity of an overflowing river) and the possibility of asbestos at Block C, that no gardening had been carried out, that there was no external lighting to Block C, no private letterboxes, and that there had been no management of Block C during the relevant period. They disputed the accounts fees as no actual accounts have been produced.
- 30. The Respondents disputed all the sums demanded in their entirety without providing any alternative sums as reasonable.
- 31. On the sum of £9,892.23 per flat demanded in December 2020 for major works the Respondents submitted that works had been carried out to Blocks A and B, and Block C ignored.
- 32. The Respondents submitted that works should have been carried out to the roof of Block C without regard to whether or not the service charge on account had been paid. In the representations submitted after the Hearing they invited the Tribunal to distinguish *Bluestorm* on the basis that here the respondents' total share of the service charge is small. They submitted that here it is not a condition precedent for the landlord to receive service charge in order to comply with its covenants.
- 33. The Applicant submitted that as the sums in question are demands on account of service charge, the standard of the service supplied is not a matter before the Tribunal. It submitted that the obligation to account for any under/overspend accrues only when the accounts are prepared, and that it is open to the Respondents to apply for a determination under s27A once actual costs had been incurred, but that this was not a matter before the Tribunal. The Applicant submitted that as the application concerns on account service charges the existence of a condition precedent to the provision of services is not relevant.
- 34. The Tribunal heard no evidence from the Applicant that the expenditure in respect of which the service charge on account in any year was demanded had been incurred in any of the preceding years. It heard

evidence from the Respondents that no works had been undertaken on Block C or services provided.

35. The Respondents referred the Tribunal to paragraph 32 of the decision in *Knapper* at which Judge Rodger stated,

'the question of what sum ought reasonably to be paid on a particular date, or ought reasonably to have been paid on an earlier date, necessarily depends on circumstances in existence at that date, and should not vary depending on the point in time at which the question is asked.'

- 36. The Respondents also referred the Tribunal to paragraph 40 of the decision in *Knapper*, '*If there is doubt over time at which the proposed expenditure may be incurred or whether it may have been incurred during the relevant accounting period at all, it may not be reasonable to require the whole payment in advance.*'
- 37. The Respondents submit that as the Applicant was aware that Block C was uninsurable by reason of the state of repair of the roof no demand for insurance premium should have been made in any year.
- 38. The Respondents distinguished the decision in *Bluestorm* on the basis that in this case the contributions to the service charge of the First and Second Respondents is a small proportion of the total service charge.
- 39. The Applicant submitted that the existence of a condition precedent to the provision of services is not relevant to the demand of on account service charge.
- 40. On administration charges the Applicant submitted that as the Respondents had made no submissions about the administration charges claimed by the Applicant and, as they are recoverable by the Applicant under both leases, if the principal sums are found to be due the administration charges are payable.

### The tribunal's decisions

### Payability of service charge

- 41. The Tribunal determines that the respondents are liable to pay service charge on account.
- 42. The Tribunal determines that the service charge on account for Flat 14 should not contemplate the payment of bank charges or management fees, but that the service charge on account for Flat 19 may include payments on account of these sums.

- 43. The Tribunal determines that the service charge on account should not include contemplated expenditure 'Contingency' as a separate item of charge.
- 44. The Tribunal determines that the First Respondents are not liable to pay the sums demanded on 3 December 2020 by way of estimated additional service charge for major works, but that the Second Respondent is.
- 45. The Tribunal finds that the calculation of the on account service charge is incorrectly based on the cost to be attributed to all of Blocks A, B and C. The Tribunal finds that this does not significantly affect the actual sum demanded on account of service charge for Block C.

### Reasonableness of sums demanded

- 46. The Tribunal has treated the sums demanded for the quarter December 2018 to March 2019 differently from the demands for whole service charge years.
- 47. The Tribunal determines that, after March 2019, to the extent the service charge on account is demanded in a subsequent service charge year in respect of items for which service charge on account payments were demanded in the previous service charge year, and have not been expended, the sums demanded are not reasonable.
- 48. The Tribunal finds that the following sums would be reasonable by way of service charge on account in each of the years for both flats. For the period December 2018 to March 2019 the Tribunal has worked on the basis that the figures given in the Budget were annual not quarterly figures and have adjusted the sums accordingly.

Item	Dec. 2018 - 25 Mar 2019-	y/e 25 March 2020	y/e 25 March 2021	y/e March 2022	25
Gutter cleaning		£300			
General building repairs	£2,500	£6000			
Drainage		£600			
General cleaning	£500	£3,000			

Junk removal		£500		
Pest control		£1,000		
Garden and grounds maintenance	£500	£3,000		
Electricity	£187.50	£1000		
Accountancy fees	£125	£450		
Management services				
Health & Safety Assessments	£250	£1,500		
Building Insurance	£1,625	£6,500		
Contingency				
Bank charges				
Emergency out of hours service			£216	
Refuse and bin costs				£900
TOTAL	£5,687.50	£23,850	£216.00	£900

- 49. The Tribunal finds that on account charges based on the following annual sums would be reasonable in the relevant years for Flat 19.
  - Management services budgeted at a quarterly rate of £1,375 in the year ending 25 March 2019, and of £6,270 per annum in the year ending 25 March 2020

- Bank charges of £60 in the year ending 25 March 2021
- 50. The Tribunal finds that the contingency sum of £6,684 provided for in the budget for the year to March 2020 is unreasonable.
- 51. The Tribunal finds that for Flat 19 the on account demand of £9,892.23 demanded on 3 December 2020 for major roof repairs is reasonable.
- 52. If the sum of £9,892.23 had been demanded of Flat 14 on account of service charge on a quarter day the Tribunal would have found the sum to be reasonable.
- 53. The Tribunal finds administration charges of  $\pm 300$  in respect of the First Respondents and  $\pm 300$  in respect of the Second Respondent to be reasonable.
- 54. The Tribunal makes no finding on the payability or reasonableness of the Flat 14 balance brought forward of  $\pounds$ 757.92.

### **Reasons for the tribunal's decision**

- 55. Having heard evidence and submissions from the parties and considered all of the documents provided, the tribunal has made determinations on the various issues as follows. In making its decision it has considered the decisions in *Knapper* and *Bluestorm*.
- 56. This determination does not refer to every matter raised by the parties, or every document the Tribunal reviewed or took into account in reaching its decision. However, this does imply that any points raised or documents not specifically mentioned were disregarded. If a point or document was referred to in the evidence or submissions that was relevant to a specific issue, it was considered by the Tribunal.
- 57. The Tribunal has not considered the evidence that it heard that is not relevant to an application relating to the payment of service charge on account, but which might have been relevant to an application in relation to actual service charge in the years in question.
- 58. Where a witness has not attended the hearing the Tribunal has had regard to their witness statements, but has taken into account that it was not possible to cross-examine them on their contents. It has also had regard to the fact that the witness statements of Ms Bell and Ms Gupta do not contain statements of truth.

#### The relevant lease provisions

- 59. In the lease of Flat 14, dated 13 August 1981, the relevant provisions are the following;
- 60. Under clause 3 the Lessee covenants with the Lessor, 'to pay a proportionate part of the expenses and outgoings incurred by the Lessor in the repair and maintenance renewal and insurance of the building and the provision of services therein and the other heads of expenditure as the same are set out in the Fourth Schedule.....'
- 61. The annual amount of the service charge payable by the tenant is calculated, at clause 3(e) as a proportion by reference to the rateable value of the flat as against the rateable value of the other flats in the 'building'.
- 62. The 'building' is defined in Recital (1) as '14-19 Talbot Court'.
- 63. Service charge is calculated by reference to the '*expenses and outgoings incurred by the Lessor*' (clause 3(f)), which expression includes not only expenditure actually disbursed by the Lessor but also, 'a sum or sums of money by way of reasonable provision for anticipated expenditure in respect thereof as the Lessor or his accountants or managing agents (as the case may be) may in their discretion allocate to the year in question as being fair and reasonable in the circumstances.'
- 64. Clause 3(g) provides that 'The lessee shall with every quarterly payment of rent reserved hereunder pay to the Lessor the sum of twenty-five pounds in advance and on account of the service charge or such other sum as the Lessor or his accountants or managing agents (as the case may be) shall specify at their discretion to be a fair and reasonable interim payment.'
- 65. The Fourth Schedule provides for the recovery of the cost of maintaining and repairing and cleaning the building (paragraph 1), the cost of insuring the building (paragraph 2), the cost of cleaning and decorating and lighting the common parts of the building and keeping the same in good repair and condition (paragraph 4), charges assessments and other outgoings 'payable by the Lessor in respect of all parts of the building' (paragraph 5) professional fees and costs 'incurred in respect of the annual certificate and of accounts kept and audits made for the purposes thereof (paragraph 6) and the upkeep of the gardens, forecourts roadways and pathways used in connection with the building (paragraph 7). There is no general 'sweeper' clause.
- 66. Clause 2(xvi) of the lease provides for the tenant to pay the landlord '*all* expenses it may incur in collecting arrears of service charge....'

- 67. The lease of Flat 19 dated 11 November 2016 is by reference to a lease of 6 April 1982. The provisions of clause 3 and Schedule 4 are similar to those of the lease of Flat 14, but with the following differences made in the 2016 lease.
- 68. Clause 3(g) provides that 'The Lessee shall pay to the Lessor in advance and on demand such additional sum as the Lessor or its Accountants or Managing Agents (as the case may be) shall reasonably consider to be a fair and reasonable interim payment for any of the purposes set out in the Fourth Schedule.'
- 69. Clause 3(j) of the lease contains a covenant by the tenant to indemnify the Lessor against, among other things, *'its own reasonable administration expenses'*.
- *70.* Paragraph 6 of the Fourth Schedule is amended to include '*and any administration costs and expenses incurred by the Lessor whatsoever.*'
- 71. Paragraphs 8, 9 and 10 of the Fourth Schedule are added to the Flat 19 lease by the 2016 lease as follows;

8. "The costs, fees and disbursements reasonably and properly incurred of managing agents employed by the Lessor for the carrying out and provision of the service charges under this Schedule or, where managing agents are not employed, a Lessor's reasonable management fee for the same"

9. All of the costs reasonably and properly incurred or reasonably and properly estimated by the Lessor (whose decision shall be final as to questions of fact) to be incurred in relation to the provision of reserves or sinking funds for items of future expenditure to be or expected to be incurred at any time in connection with providing the services under this Lease

10. Any other service or amenity that the Lessor may in its reasonable discretion (acting in accordance with the principles of good estate management) provide for the benefit of the tenants and occupiers of the building.'

Payability of sums demanded

72. Both leases entitle the landlord to charge for service charge on account, provided that the expense in respect of which the payment is sought is an expense which is recoverable under the Fourth Schedule of each respective lease.

- 73. The Tribunal finds that the expenditure contemplated by each head of expenditure in each budget is covered in both leases except for management fees, bank charges and 'contingency'.
- 74. The Tribunal finds that on the wording of the Fourth Schedule of the lease of Flat 14 the landlord is not entitled to charge the tenant management fees, nor for bank charges. Under paragraph 8 of the Fourth Schedule of the lease of Flat 19 the landlord is entitled to charge management fees, and 'Bank Charges' are also recoverable under paragraph 8.
- 75. 'Contingency' is not a head of expenditure contemplated by the Fourth Schedule of the lease of Flat 14. The Tribunal finds that on the revised wording of the Flat 19 lease it may be payable, if reasonable, as to which see below.
- 76. The lease of Flat 14 contemplates that service charge on account may only be demanded quarterly, whereas the lease of Flat 19 (clause 3(g)) provides that the Lessee is to make such payments 'on demand'.
- 77. Accordingly the charge on account in respect of major works demanded on 3 December 2020 is not payable by the First Respondents as it was not demanded on a quarter day. It is payable by the Second Respondents, if reasonable, as they are obliged to make the payment 'on demand'.

### Reasonableness of sums demanded

- 78. Having determined which heads of anticipated service charge are payable by the respective Respondents the Tribunal has then considered whether the sums demanded in each year are reasonable.
- 79. The Tribunal has considered the budgets for each of the whole service charge years the subject of the referral to it, namely March 2019 to March 2022.
- 80. What is a reasonable budget for the year to March 2020 depends on the circumstances that existed when the budget was prepared. There is no evidence before the Tribunal that at that time the Applicant did not intend to expend the monies that it was seeking to be paid to it. In the absence of any challenge to the specific figures proposed by the Applicant the Tribunal finds the demands made for that year, to the extent payable under the leases, to be reasonable.
- 81. The Tribunal is surprised that the Applicant has failed to provide actual service charge accounts for any of the years the subject of this determination and understands the Respondents' frustration at its failure to do so.

- 82. The Tribunal accepts the Respondents' evidence that no works were carried out to Block C or services provided during the years to March 2022. The Applicant offered no evidence in this regard.
- 83. Turning to the years to March 2021 and March 2022 the Tribunal finds that at the time each budget was prepared there must have been doubt whether the proposed expenditure would be incurred during the relevant accounting period at all, given the failure by the Applicant to undertake work, effect insurance or provide services in the preceding year(s). Having regard to the decision in *Knapper*, and in particular paragraph 40, the Tribunal therefore finds that it was not reasonable to demand similar, or larger sums on account for the same works and services in the years to March 2021 and March 2022 as it had in the year to March 2020 where the sums had not been spent in the service charge year to March 2020. These sums demanded in each year, where not expended, could be carried forward each year to the succeeding year. There is no need to charge a further sum.
- 84. The first budget is for one quarter only, December 2018 to March 2019. Having regard to the date at which it is likely to have been prepared and paragraph 32 of the decision in *Knapper* the Tribunal finds that it is a reasonable budget to have been requested at that time.
- 85. The Tribunal accepts Ms Gourlay's submission that there is no requirement to consult before interim sums are demanded, including in respect of the major works. However to be recoverable the sums demanded must be reasonable. The Tribunal has therefore considered whether the sum of £9,892.23 per flat, demanded on 3 December 2020 for major roof repairs is reasonable.
- 86. From the evidence before the Tribunal it is clear that before October 2019 it was known that major works of repair to the roofs of the Blocks was required, then costed at £175k-190k for all three roofs.
- 87. The demand made on 3 December 2020 for £9,892.23 per flat was therefore reasonable, although not payable by Flat 14 when demanded.
- 88. The whole purpose of allowing the landlord to recover on account service charge is to allow it to cover the contingent expenses that it anticipates incurring during the next service charge year. The Tribunal finds that to further include a charge in the on account service charge for unspecified contingencies, and to seek to do it in every year, in effect amounts to double-counting. Further it is only the lease of Flat 19 which may permit the recovery of these sums, and that lease allows the landlord to make demands on account of service charge at any time during the year, so that, in relation to that Flat 19, it is an unnecessary provision and in the circumstances unreasonable.

- 89. Whether or not the Applicant had undertaken work to the roof of Block C was not relevant to the reasonableness of demands for on account service charge payments.
- 90. While incorrectly apportioning the service charge costs across the three Blocks does not affect the reasonableness of the on account demands the Tribunal finds that it may affect the actual service charge in any year where costs solely attributable to Blocks A and B are incorrectly apportioned in part to Block C, in particular where these relate to the repair of the roofs of the Blocks.

#### Administration fees

- 91. Under paragraph 1(1) of Schedule 11 of the 2002 Act an "administration charge" includes an amount payable by a tenant of a dwelling as part of or in addition to the rent which is payable, directly or indirectly in respect of a failure by the tenant to make a payment by the due date to the landlord or in connection with a breach (or alleged breach) of a covenant or condition in his lease.
- 92. The Respondents have failed to pay on account service charge on account by the due date and neither has challenged the amount of the administration charge claimed on the grounds of unreasonableness.
- 93. The Tribunal finds the administration charges to be payable and reasonable.

### The Flat 14 balance brought forward of £757.92

- 94. There was no evidence before the Tribunal as to what the sum of £757.92 stated by the Applicant to be owed by the First Respondents at 12 July 2019 relates. Ms Gourlay stated that all the sums before the Tribunal related to payments on account of service charge but that is not correct as there were administration charges of £300 in respect of each of the Respondents also before the Tribunal.
- 95. In the circumstances the Tribunal can make no determination on the payability or reasonableness of this sum.

### The next steps

96. The tribunal has no jurisdiction over ground rent or county court costs. These matters should now be returned to the Willesden County Court. **Name:** Judge Pittaway

# **<u>Rights of appeal</u>**

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 Firsttier 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).