



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

**Case reference** : **CAM/00KA/LSC/2024/0025**

**Property** : **306-312 Crawley Green Road, Luton,  
LU2 0SL**

**Applicants** : **Derek Brown and others**

**Representative** : **Derek Brown**

**Respondent** : **A Davies & Co Limited**

**Representative** : **Simon Serota, Wallace LLP**

**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  
Sarah Redmond, MRICS**

**Venue** : **CVP Hearing**

**Date of hearing** : **27 February 2025**

**Date of decision** : **10 March 2025**

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**DECISION**

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## **Decisions of the Tribunal**

- (1) The Tribunal determines that the sum charged for insurance premium for the year 25 March 2023 to 24 March 2024 was not reasonable. The Tribunal reduces the amount payable to £1,656.15 (£414.04 per maisonette).
- (2) The Tribunal determines that the sum charged for insurance premium for the year 25 March 2024 to 24 March 2025 was reasonable. The Tribunal confirms the amount payable as £1,958.56 (£489.64 per maisonette).
- (3) The Tribunal makes an order under section 20C of the Landlord and Tenant Act 1985 so that none of the Respondent landlord's costs of the Tribunal proceedings may be passed to the Applicants through any service charge.
- (4) The Tribunal makes an order under paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002 that the Applicants shall not be liable to pay any administration charges in respect of litigation costs.
- (5) The Tribunal determines that the Respondent shall pay the Applicants' application and hearing fee within 28 days of this Decision.
- (6) The Tribunal makes the determinations as set out under the various headings in this Decision.

## **The Application**

1. The Applicants sought a determination pursuant to section 27A of the Landlord and Tenant Act 1985 ("the 1985 Act") as to the amount of insurance premium paid as a service charge by the Applicants for the insurance years of 25 March 2023 to 24 March 2024 and 25 March 2024 to 24 March 2025.
2. The Applicants also sought an order for the limitation of the Respondent's costs in the proceedings under section 20C of the 1985 Act, and an order to reduce or extinguish the tenants' liability to pay an administration charge in respect of litigation costs, under paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002.

## **The Hearing**

3. The hearing was conducted via Cloud Video Platform (CVP). Derek Brown, leaseholder, appeared on behalf of the Applicants and gave evidence to the Tribunal. The Respondent was represented by Simon

Serota, Wallace LLP. David Lederman, of A Davies & Co Ltd, gave evidence on behalf of the Respondent to the Tribunal.

4. The Tribunal had made Directions on 21 October 2024 which had provided for the exchange of evidence and production of bundles. The Tribunal had before it a bundle of documents submitted by the Applicants, consisting of 90 pages, and a bundle of documents submitted by the Respondent consisting of 118 pages. Additionally, the Respondent had submitted a supplementary bundle consisting of 22 pages and the Applicants had submitted a reply to the supplementary bundle which consisted of 2 pages. Parties accepted that all of these documents should be before the Tribunal.
5. Although the Directions had only provided for each party to submit one bundle, the Tribunal accepted that the Respondent had wished to comment on the alternative quotes that the Applicants had provided, and that the Applicants had wished to reply to what they had said. The Tribunal was therefore satisfied that each party had received the documentation in sufficient time to prepare for the hearing and that the supplementary bundles should be admitted. In reaching this decision the Tribunal took into account rule 3 of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013 and in particular to seek flexibility in the proceedings and ensure, so far as practicable, that the parties are able to participate fully in the proceedings.

### **The Background**

6. This application related to 306, 308, 310 and 312 Crawley Green Road, Luton, LU2 0SL (the Property). The Property was made up of four maisonettes that were within the same building.
7. 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 Tribunal had been provided with a street view photograph and an aerial view of the Property, which was at page 103 of the Respondent's bundle.

### **The Lease**

8. The Applicants held long leases which required the landlord to provide insurance. At pages 1 -7 of the Respondent's bundle was a specimen maisonette lease for 308 Crawley Green Road, dated 7 September 2018. This 2018 lease was granted on the terms of a previous lease, which was dated 9 June 1971. A copy of this previous lease was at pages 8-36 of the Respondent's bundle.
9. Clause 1(2) of the 9 June 1971 lease (page 9 of the Respondent's bundle) provided:

“...and also paying by way of further and additional rent from time to time a sum or sums of money equal to the amount which the Lessor may expend in effecting and maintaining the insurance of the demised premises against loss or damage by fire and such other risks as the Lessor may deem necessary.”

By Clause 5(1) the lessee covenanted “to pay the rents hereby reserved”.

10. The 9 June 1971 lease made the following provision in relation to insurance at Clause 6(3):

“That the Lessor will insure the premises hereby demised in such sum as seems adequate against loss or damage by fire and such other risks as the Lessor may deem necessary...”

### **The Issues**

11. At the start of the hearing the parties confirmed that there was no dispute that insurance premiums were payable as a variable service charge under the lease. Further there was no dispute that the demands had been properly made. Invoices for the insurance year commencing 25 March 2023 were at pages 37-44 of the Respondent’s bundle, and invoices for the insurance year commencing 25 March 2024 were at pages 45-48 of the Respondent’s bundle.
12. The issue in dispute was the reasonableness of the amount payable for the insurance premium for the insurance years 2023/24 and 2024/25. The issues for the Tribunal to determine were therefore identified as follows:
- (i) the reasonableness of service charges for insurance premium for insurance year 25 March 2023 to 24 March 2024 and 25 March 2024 to 24 March 2025;
  - (ii) whether an order under section 20C of the 1985 Act and/or paragraph 5A of Schedule 11 to the 2002 Act should be made;
  - (iii) whether an order for reimbursement of application/ hearing fees should be made.

### **The Law**

13. Section 19 of the 1985 Act provides as follows:

Section 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 provisions 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.

### **Insurance Policy**

14. The Respondent confirmed that a single policy (block policy) had been taken out in respect of 306, 308, 310 and 312 Crawley Green Road and the premium had then been apportioned equally to the four maisonettes.
15. At page 96 of the Respondent's bundle were details of the claim history for the Property. Two claims were listed - one with the date of loss given as 15 June 2018 and the other as 17 November 2018. Both claims related to a burst pipe from the kitchen sink at Maisonette 306 and both claims were marked as being settled and closed. The 15 June 2018 claim had a settlement figure of £45,675.80 and the 17 November 2018 had a settlement figure of £21,951.02.

### **Applicants' Comparison Quotations - 2024**

16. The Applicants had provided the Tribunal with three comparison quotations. Derek Brown confirmed that they had been obtained on a like for like basis with the Respondent's insurance. The quotations had been obtained by the Applicants sending to insurance companies the Respondent's insurance documentation, with these insurance companies being asked to quote on the same basis.
17. In his evidence, Derek Brown acknowledged that it was possible that he may have received other quotations that were higher than the three he had provided to the Tribunal. However, the three quotations that he had provided were, in his view, the most appropriate for the Tribunal to consider as they were put forward on a like for like basis with the insurance provided by the Respondent.
18. The three quotations obtained were as follows:

Insurance Company	Premium	Period	Applicants' bundle page reference
Premier Insurance	£1,051.72	12 December 2024-11	Page 31 and 51

		December 2025	
Protect My Let	1,267.43	Quotation obtained 5 December 2024	Page 58
CIA	£1332.79 (£58.24 added for terrorism cover. This was the Respondent's price as CIA were unable to quote for terrorism cover.)	Quotation obtained 4 December 2024	Page 80

19. Derek Brown told the Tribunal that the average of the 3 premiums was £1,217.31 and this meant that the Respondent's premiums were 60% more expensive than the average quotation obtained by the Applicants for 2024 and more than double the average for 2023.
20. In terms of the basis on which the quotations had been given, Derek Brown confirmed that he had found it difficult to obtain quotations as he had not had full details from the Respondent. He had made attempts to obtain the details from the landlord including a formal request on 25 March 2024 by email, referring to the Landlord and Tenant Act 1987, to which he had received a plain refusal and had been told to apply to this Tribunal. Derek Brown acknowledged that the first occasion he had become aware of the 2018 insurance claims was on receipt of the Respondent's bundle. The comparison quotations therefore did not encompass these previous claims.
21. However, it was the Applicants' submission that this previous claim history would not affect the 2024 insurance premium. This was because the claim was more than five years old and it was their understanding that claims beyond five years old were disregarded. In relation to the 2023 insurance premium, the Applicants stated that they had not identified any claim endorsements on any of the Respondent's documents. It was therefore the Applicants' submission that they did not believe that the 2018 claims had a significant effect on the premium price.
22. In support of this submission, the Applicants set out the premiums for the years following the claims in 2018 as follows:

<b>Year</b>	<b>Premium</b>
2018	£1,590.88
2019	£1,841.88
2020	£1,876.52
2021	£2,245.96
2022	£2,460.56
2023	£2,920.60
2024	£1,958.56

23. Derek Brown submitted that whilst there was a rise in insurance premium in 2019, the increase in the level of premium in the years 2019-2022 was less significant than the increase in 2023.
24. The Respondent submitted that the quotations were not like for like with the insurance provided by the Respondent. In support, the Respondent adduced a letter dated 19 February 2025 and addressed to Mr Serota, representative for the Respondent. The letter was on Heathwoods letter headed paper and Heathwoods were confirmed as being the Respondent's insurance broker for the 2024 insurance.
25. The letter stated that in the view of the writer (Mark Eckstein), the three comparison quotations obtained by the Applicants were not like for like and had been obtained as "cheap online products with minimal or little human intervention". The letter further stated that there was very limited cover for malicious damage by tenants and limited cover for trace and access. Although acknowledging that the policy wording had not been provided, it was the opinion of the writer that it would not contain the non-invalidating clause and rights of subrogation against the lessee that the Respondent's insurance cover had. Finally, the letter stated that the alternative quotations were subject to various conditions relating to the occupation of the properties which was not information available to the freeholder.
26. In reply, Derek Brown gave evidence to the Tribunal that the Applicants' quotations had not been obtained from "cheap online brokers with minimal or little human intervention". Derek Brown told the Tribunal that he had spent hours on the telephone to obtain these quotations, and had even attended one in person.

27. In relation to the Respondent's assertions regarding malicious damage, trace and access, non-invalidating and rights of subrogation, Derek Brown told the Tribunal that he had sent the insurance documents received from the Respondent to the insurance providers and had requested like-for-like quotations. The Applicants pointed to provision made for malicious damage within the policy documents.
28. Regarding the Respondent's assertion that the Respondent was not necessarily aware of the occupation of the properties, Derek Brown told the Tribunal that it was his understanding that this information was fundamental to insurance cover and would be information that the Respondent would need to provide to the insurance companies.
29. The Tribunal accepts the evidence of the Applicants that the comparison quotations they obtained were achieved by sending the documents to insurance companies and therefore the quotations were on as close to a like for like basis as possible. Further the Tribunal accepts the analysis of the Applicants as to the claim history and accepts that it would not affect the 2024 policy and further that there were no endorsements shown on the Respondent's documents.
30. With regards to the Respondent's letter of 19 February 2025 written by Mark Eckstein of Heathwoods, the Tribunal attaches limited weight to this letter. It was not produced in the form of a witness statement and the writer of the letter (Mark Eckstein) was not available for cross examination by the Applicants.
31. The Tribunal therefore finds that the comparison quotations provided by the Applicants were obtained on as close to like for like basis as possible and are sufficiently robust to be taken into consideration as the Tribunal assesses the reasonableness of the insurance premiums obtained by the Respondent for the insurance years 2023/24 and 2024/25 in accordance with section 19 of the 1985 Act.

### **Insurance Premium for the Insurance Year 5 March 2023 to 24 March 2024**

32. The certificates of insurance and policy terms for the insurance for the insurance year commencing 25 March 2023 were at pages 49-68 of the Respondent's bundle, which included separate documents for each of the four flats. However, the Tribunal noted that pages 50-53, 55-58, 60-63 and 65-68 related to the insurance year 25 March 2022 to 24 March 2023 (the previous year). The total sum insured was £286,884 and the building's declared value was £229,507 for each individual maisonette.
33. The invoices for the insurance year were at pages 37-44 of the bundle. These invoices contained the insurance for each of the four maisonettes which totalled £711.54 plus £18.61 for terrorism cover meaning that the total amount payable for the block was £2,920.60.



34. The Applicant confirmed that he had been unable to obtain like for like comparison quotes for 2023/24 because the insurance companies had been unable to quote for a year that had passed. However, the Applicant asked the Tribunal to note the 2024/25 comparison quotes when assessing reasonableness. It was the Applicant's position that the 2023/24 premium was excessive and not reasonable.
35. The Respondent told the Tribunal that for the insurance year commencing 25 March 2023 neither the Respondent, nor its broker, nor its agent had received any remuneration, commission, other sources of income or related income or other benefits in connection with placing or managing insurance or arising from the provision of insurance.
36. The Respondent confirmed that St Giles Insurance and Finance Services Limited (St Giles) were the broker that they had used for the 2023/24 insurance year. At pages 110-117 of the Respondent's bundle, was the report from the broker detailing the 2023 insurance marketing exercise. This comprised only one figure, being the renewal by Ageas. The remainder stated "declined to quote due to being uncompetitive".

#### **The Tribunal's Decision - Insurance Premium for the Insurance Year 5 March 2023 to 24 March 2024**

37. As set out above, the Tribunal accepts the Applicants' evidence in relation to the comparison insurance quotations they obtained for the insurance year 2024/25. The Tribunal also accepts the Applicants' evidence that they were not able to obtain a 2023/24 quotations as the insurance companies were not able to backdate a quote. The Tribunal has therefore used the 2024 comparison as part of its deliberations as to the reasonableness of the 2023 insurance premium.
38. The Tribunal has considered the marketing exercise completed on behalf of the Respondent by St Giles (as set out at pages 110 to 117 of the Respondent's bundle). The summary of this exercise showed that only one company, Ageas, had provided a quote to the Respondent whereas four other companies had declined to quote, giving the reason as "declined to quote due to being uncompetitive".
39. The Tribunal finds that this marketing exercise therefore provided limited results and was not sufficiently robust. This is in contrast to the marketing exercise completed by the Respondent's insurance broker, Heathwoods, for the 2024/25 insurance (page 118 of the Respondent's bundle), and the quotes that the Applicants obtained in their comparison exercise in 2024.
40. The Tribunal notes that the insurance premium charged for 2024/25 by the Respondent was £1,958.56 whereas the 2023 premium was considerably higher at £2,920.60. Further when also considering the

Respondent's quotations for 2024 (£1,051.72, £1,267.43 and £1,332.79) and also looking at the amounts charged by the Respondent for previous years (paragraph 22 above), the Tribunal finds that the 2023 insurance premium was not reasonably incurred.

41. In light of this, the Tribunal has determined what it finds to be a reasonable insurance premium.
42. The Tribunal reduces the amount payable to £1,656.15 (£414.04 per maisonette). In the absence of alternative quotes and any detailed explanation relating to the basis for the premium charged for 2023-24, the Tribunal has used the information available to it, and determined this amount as follows:
43. At page 118 of the Respondent's bundle, the basis of the calculation of the total premium for the 2024/25 insurance provided by Allianz was set out. The Tribunal applied the percentages used by AXA (Ageas) as set out at page 116 for the 2023 insurance, namely 15% indexation plus 3.3% rate increase to the Underlying Premium achieved in 2024 with Allianz, and then added the Terrorism premium charged in 2024. This resulted in the following calculation:

Final underlying premium 2024 = 1696.71

net of 3.3% Rate Increase (55.99) = 1640.72

net of 15% Indexation (214.01) = 1426.71

**Final underlying premium 2023 = 1426.71**

<b>Plus</b>	IPT 12%	=	171.20
	Terrorism	=	52.00
	IPT	=	6.24

**Total Premium 2023 = £1,656.15 (£414.04 per maisonette)**

#### **Insurance Premium for the Insurance Year 5 March 2024 to 24 March 2025**

44. The certificates of insurance and policy terms for the insurance for the insurance year commencing 25 March 2024 were at pages 69-72 of the Respondent's bundle and an overview of the policy was at pages 73-95 of the bundle.
45. The Respondent confirmed that for this 2024 insurance year, there had been a change in broker and Heathwoods Insurance and Financial

Services were now being used. The invoices for the insurance year were at pages 45-48 of the bundle. Each of the four maisonettes had been sent an invoice and each maisonette had been required to pay £489.64 making a total premium for the block of £1,958.56.

46. The Applicant asked the Tribunal to accept the comparative quotes for the reasons set out above and told the Tribunal that whilst the decrease in premium from the 2023/24 amount was welcome, the 2024/25 amount was still over 60% more expensive than the average of the comparison quotations obtained by the Applicants for 2024.
47. The Respondent confirmed that for the insurance year ending 25 March 2024, the Respondent had received no remuneration, commission, other source of income or related income or other benefits in connection with the placing or managing of insurance. Its broker did receive a commission of 20% for this insurance year for the services that it had provided (these services were set out at page 97 of the Respondent's bundle).
48. At page 118 of the Respondent's bundle was the report of the broker detailing the marketing exercise for the 2024 insurance. Five companies were shown, with only one declining to quote because they were "unable to quote due to high subsidence area".

### **The Tribunal's Decision - Insurance Premium for the Insurance Year 5 March 2024 to 24 March 2025**

49. The Tribunal accepts the evidence of the Respondent that a marketing exercise was undertaken before the insurance was placed, as set out at page 118 of the Respondent's bundle.
50. The Tribunal reminds itself that the charges must be reasonable in accordance with section 19 of the 1985 Act. The Tribunal must look at the course of action taken by the Respondent and the outcome of this. If the Respondent had chosen a course of action which led to a reasonable outcome the cost of this would be reasonably incurred. This is true even if there was a cheaper outcome which was reasonable.
51. The Tribunal finds that for the year 2024/25, the Respondent, through its broker, carried out a suitable market testing exercise to identify its insurance provider. The Tribunal therefore finds that the 25 March 2024 to 25 March 2025 insurance premium was reasonable under section 19 of the 1985 Act.

### **Application under section 20C and refund of fees**

52. The Applicants made an application for a refund of the fees that they had paid in respect of this Tribunal application and hearing. The Applicants

referred the Tribunal to an email on page 15 of the Applicants' bundle, which the Applicants stated was sent one day after the Applicants' initial inquiry of the Respondent regarding the level of the insurance premium. In this email the Respondent had stated that there was no further debate to be had, and that any further communications would be chargeable at £25 per email. The Respondent submitted that the Applicants should be responsible for their own application and hearing fee.

53. Having heard the submissions from the parties and taking into account the determinations above in relation to the 2023/24 insurance premium, the Tribunal orders the Respondent to refund any fees paid by the Applicants within 28 days of the date of this decision.
54. In the application form, the Applicants applied for an order under section 20C of the 1985 Act. Whilst the Tribunal accepts the submissions of the Respondent that the lease would not allow the Respondent to claim its costs or administration fees, in light of the findings made by the Tribunal, and for the avoidance of doubt, the Tribunal nonetheless determines that it is just and equitable in the circumstances for an order to be made under section 20C of the 1985 Act, so that the Respondent may not pass any of its costs incurred in connection with the proceedings before the Tribunal through the service charge to the Applicants.
55. The Tribunal makes an order under paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002 that the Applicants shall not be liable to pay an administration charge in respect of litigation costs. This order is made for the same reasons as set out above in relation to section 20C of the 1985 Act.

**Judge Bernadette MacQueen**

**10 March 2025**

### **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).