



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

Case reference : **LON/00AW/LSC/2024/0341**

Property : **13 Holland Road
Holland Park
London W14 8HJ**

Applicants : **Zara Yassary & Roya Jarman**

Representative : **Ms Alannah Kavanagh – Counsel
25 Canada Square Chambers**

Respondent : **13 Holland Road Limited**

Representative : **Ms D'Amico – Director
13 Holland Road Limited**

Type of application : **An application under s.27A Landlord &
Tenant Act 1985**

Tribunal Judge : **Tribunal Judge Mr I B Holdsworth
Mr S F Mason FRICS**

**Date and venue of
Hearing** : **24 February 2025
10 Alfred Place, London WC1E 7LR**

Date of Decision : **12 March 2025**

DECISION

Decisions of the Tribunal

Preliminary matter

- a. The Tribunal at the request of the parties agreed to a variation to the s.27A application dated 16 August 2024. It was agreed the Tribunal would make a determination of the reasonableness and payability of the sums invoiced for the service charge years 2023/24 and 2024/25 submitted with the application. It was further agreed that any payable sum determined for the 2024/25 period would only be payable when properly demanded.

- b. **s.27A and 20C application** – The Tribunal determines that the disputed service charges amounting to **£3,402** were reasonable and payable for the service charge period 1 April 2023 to 31 March 2024.
- c. Tribunal also determines that a sum of **£1,575** are payable in respect of the disputed service charge invoices for the part service charge year 2024/25. These sums become payable when properly demanded.
- d. A schedule at Appendix B lists the reasonable services charges for each item in the chargeable years in dispute.
- e. Tribunal has not made a 20C and paragraph 5A Order under the provision of the Landlord & Tenant Act 1985 ('**the 1985 Act**') and paragraph 5A schedule 11 to the Commonhold & Leasehold Reform Act 2002 ('**the 2002 Act**') that prevents recovery of costs incurred by the Respondent in these proceedings subject to the relevant lease provisions.

1. Application

- 1.1 The Applicants had sought a determination pursuant to s.27A of the 1985 Act and schedule 11 to the 2002, as to the amount payable as a service charge, for the service charge year, 2023/24.
- 1.2 The Applicants also sought a determination on the reasonableness of a service charge budget for the period 2024/25.
- 1.3 The Applicants had applied for a 20C Order under the provisions of the 1985 Act, paragraph 5A schedule 11 of the 2002 Act.
- 1.4 The Tribunal had issued Directions on 24 September 2024, which had identified issues in dispute in relation to the service charges demanded by the Respondent and contended the sums charged for management fees, cleaning of common parts, legal and professional charges. The total sum in dispute was identified as £17,211.30.

2. The hearing

- 2.1 A hearing was held on 24 February 2025 commencing 10:00 at Alfred Place, WC1.
- 2.2 The Applicants were represented by Ms Kavanagh, Counsel. The Respondent was represented by Ms D'Amico.
- 2.3 The Applicants are both leaseholders at the property. They attended the hearing and gave some oral evidence as witnesses of fact.
- 2.4 Mr Russell Smith also attended the morning session of the hearing to offer support to Ms D'Amico, but he did not give evidence.

- 2.5 None of the parties had requested an inspection of the Property, nor did Tribunal consider one was necessary, or that it would have been proportionate to the issues in dispute.

3. Preliminary matter

- 3.1 The matters in dispute had not been clearly and unambiguously presented in the application and Tribunal made enquiries of the parties at the outset of the hearing.
- 3.2 Counsel for the Applicants advised that the disputed sums for the service charge year 1 April 2023 to 31 March 2024 were set out in a Scott Schedule on p.38 of the bundle.
- 3.3 A further five items had been included in the Scott Schedule which represented disputed charges in the service charge year 2024/25 and the parties explained these sums had already been incurred and invoices submitted to the Respondent, 13 Holland Road Limited.
- 3.4 Counsel for the Applicants and the Respondent's representative Ms D'Amico asked Tribunal to make a determination as to the payability and reasonableness of the service charge sums for year 2024/25. It was explained to Tribunal that these sums had not been demanded of the leaseholders, but all parties considered it a practical and efficient procedure that Tribunal should make a determination prior to any demands being issued by the Respondent.
- 3.5 Decision of the Tribunal
- 3.5.1 Tribunal accepted the submissions made by both parties that its subsequent deliberations should address the disputed sums already incurred in the service charge year 2024/25. The sums in dispute were not budget forecasts but costs already incurred by the Respondent. The Tribunal recognised that the proceedings would be more beneficial to all parties by their inclusion in their determination. Tribunal agreed to the parties' request to vary the application and that its determination would include a decision upon the five additional items included in the Scott Schedule at pp.39, even though these had not to date been properly demanded.

4. Issues in dispute at the hearing

- 4.1 Counsel for the Applicants told Tribunal that the dispute with the Respondent had arisen over the payability and reasonableness of the service charges shown in the Scott Schedule at pp.38/39 in the bundle.
- 4.2 Counsel and Ms D'Amicon confirmed the maintenance costs included in the service charge year 2024/25 has been conceded by the Respondent and a charge would not be made for these works.
- 4.3 Three items therefore remained in dispute in respect of the service charge year 2024/25 and required to be determined.

- 4.4 Counsel emphasised in her opening submission the lack of evidence, which was offered by the Respondent, in justification of the cost they sought to apply to the service charge account. She reminded Tribunal that the 1985 Act placed the onus on landlords to establish a prima facie case on payability when seeking to apply costs to a service charge account. Counsel contended that the submissions of the Respondent had fallen short of this requirement. The Respondent offered background information to the dispute in her opening submission.

5. The law

- 5.1 The relevant legal positions are set out in the appendices to this Decision.

6. The lease provisions

- 6.1 The bundle contained a sample lease at pp.112-134 in the bundle. The relevant service charge provisions were contained in clause 8 (p.127), where:

'The service provision shall consist of a sum comprising ...:

'8.4.1 The expenditure estimated by the surveyor as likely to be incurred in the account year by the management company upon the matters specified in sub-clause 8.5 of this clause together with ...

'8.5 The relevant expenditure to be included in the service provision shall comprise all expenditure reasonably incurred in the management company in connection with the insurance cleaning clearing repair improvement of management maintenance and provision of services for the building and shall include (without prejudice to the generality of the foregoing):

'8.5.1 The costs of an incidental to the performance of the management company's covenants contained in clause 6

8.5.2 The costs of an incidental to compliance by the management company with every notice regulation or order of any local or other authority in respect of the property

8.5.3 All reasonable and proper fees charged and expenses payable to the surveyor any solicitor accountant surveyor valuer architect or other person whom the management company may from time-to-time reasonably employ in connection with the management or maintenance of the building including the computation and collection of service charge but not including fee charges or expenses in connection with the effecting of any letting or sale of any premises include the cost of preparation of the account of the service charge ...'

- 6.2 Clause 6 of the lease requires:

'The management company will at all times during the term keep the building insured against loss or damage by fire and other usual comprehensive household risks and such other risks as the management company may from time-to-time reasonably determine or the tenant or the tenant's mortgagee may reasonably require in some insurance office'

7. The Disputed service charge matters

- 7.1 In accordance with the Tribunal Directions the services charges in dispute were listed by the Applicants in the Scott Schedule submitted to the Respondent for comment.
- 7.2 The Respondent had provided comment, and the Scott Schedule were contained at pp.38/39 in the bundle. The Applicants and Respondent had provided explanations of their justification for each item in dispute.
- 7.3 The Tribunal relied upon the completed Schedule as the primary listing of disputed items at the hearing. It was employed as an agenda, with each item being reviewed in turn by the parties.
- 7.4 Several of the disputed service charges were replicated across both chargeable years and these were reviewed by Tribunal as a single issue. The Tribunal findings are given below. A summary of the Tribunal findings is provided for each disputed item these are set out in columns 5 and 6 in the table at Appendix B.
- 7.5 **Disputed cleaning**
- 7.5.1 Counsel for the Applicants took Tribunal to the invoice for the disputed cleaning costs at p.55 in the bundle. She explained the costs related to a monthly charge of £120 for cleaning from December 2023 to March 2024 and a further £360 had been charged allegedly for services provided during the period April-June 2024. Counsel advised the Tribunal that there had been no evidence the cleaning had been done. Photographs the Respondent advised they would provide to prove cleaning had taken place had ultimately not been submitted within the bundle.
- 7.5.2 The contractor's invoice included at p.64 of the bundle was noted to be addressed to '*George Mews Freehold Limited*' as opposed to 13 Holland Road Limited in respect of the subject building. There was no proof of dates when cleaning had been undertaken, details as to the extent of the cleaning, or evidence of a recorded cleaning log.
- 7.5.3 It was accepted in the Applicants' witness statement that cleaning had taken place on two occasions, as opposed to eight plus times in respect of which costs had been applied to the service charge account.
- 7.5.4 Ms D'Amico said that she did not live within the building and therefore did not have evidence to confirm whether or not the cleaning had been carried out. She said she relied upon the accuracy of the invoices to

prove the work had been done. Ms D'Amico told the Tribunal the area cleaned was approximately 25m² and a log of works undertaken was not maintained.

7.5.5 Decision of the Tribunal

7.5.5.1 It was agreed between the parties that cleaning had taken place on two occasions. The payability of a cleaning charge was not in dispute by the parties only the amount payable.

7.5.5.2 The Tribunal had experience and knowledge of these matters and had estimated cleaning of the building would take approximately 30 minutes. Tribunal also considered an allowance of circa 30 minutes for the cleaners' travelling time was also reasonable.

7.6 A reasonable cost for cleaning activities was therefore determined to be £70 per visit. The sum therefore payable was for two cleaning events, as agreed by the Applicant which equates to £140.

7.7 **Company Secretarial fees**

7.7.1 Counsel for the Applicants referred Tribunal to clause 8 of the lease. She said there was no specific provision in the lease that permits a charge for Company Secretary activities to be made to the service charge account. The invoice submitted by the managing agent "The Ringley Group" contained at pp.249/250 within the bundle, did not provide details of the activities purported to have been undertaken by a company secretary in respect of 13 Holland Road Limited. In addition, there was some ambiguity as to the period for which these activities had been charged.

7.7.2 Ms D'Amico for the Respondent, in responding to queries raised by Tribunal, confirmed there was no designated rôle of Company Secretary in respect of 13 Holland Road Limited. She said the monies sought were to repay the time and commitment of the Directors on Company matters. Ms D'Amico claimed these charges were payable under her interpretation of the provisions of clause 8.3 of the lease.

7.7.3 Decision of the Tribunal

7.7.3.1 The Tribunal was unable to identify that a rôle of company secretary existed in the 13 Holland Road Limited company. Ms D'Amico failed to provide evidence, such as job description, time sheets or credible invoices for any Company Secretarial work.

7.7.3.2 The Tribunal are mindful of the guidance offered in *Yorkbrook Investments Ltd v Batten* (1986) 18 HLR 25 and *Enterprise Home Developments LLP v Adam* [2020] UKUT 151 (LC). The advice offered in both authorities is that the Landlord must provide a prima facie case on payability. This was not done.

7.7.3.3 Tribunal therefore concurred with Counsel for the Applicants that the provisions of the lease did not specifically provide for recovery of company secretarial fees. There was no evidence of a Company Secretary ever being appointed.

7.7.3.4 The company secretarial fees were therefore disallowed.

7.8 **Directors' and officers' insurance**

7.8.1 Counsel for the Applicants argued that the cost of £36 for securing indemnity insurance for the actions of the Directors and officers was not payable under the terms of the lease. She argued the lease clauses only permitted recovery of building insurance costs.

7.8.2 It was accepted by the Respondent that this was a small sum of money, but it was essential for the Directors and officers to secure insurance to protect themselves against the risks incurred in taking actions on behalf of the 13 Holland Road Limited company.

7.8.3 No specific invoice for the insurance or alternative evidence of taking the insurance, such as an insurance certificate for the risk were provided within the bundle.

7.8.4 Decision of the Tribunal

7.8.4.1 The Tribunal referred to lease clause 6.1 pp.124 of the bundle. This states that the management company was enabled to take out insurance:

'From time-to-time that may reasonably require in some insurance office.'

7.8.4.2 Tribunal has relied upon this wording to justify this small expenditure, which it deemed to be appropriate protection for the Directors and officers of a property holding company.

7.8.4.3 The sum of £36 was therefore deemed payable and reasonable.

7.9 **Costs for electricity within the common parts**

7.9.1 Both parties were uncertain as to the liability for payment of electricity costs for providing both lighting and power within the common areas of the building.

7.9.2 On questioning from Tribunal, it was confirmed that the common areas are provided with a separate electricity meter. However, until recently the electricity bills had been being paid by Rhodic Holdings, a company noted in the sample lease provided in the bundle, with their status being shown as *'landlord'*; however, it was not possible to confirm these details at the hearing.

7.9.3 Counsel for the Applicants claimed that the charges of £200 were excessive and, further, there was no evidence that any sums set against

the service charge had in fact been paid to satisfy the costs for providing electricity within the common parts. There was no invoice or other evidence of incurred electricity costs such as utility bill(s) provided in the bundle.

7.9.4 Ms D'Amico on behalf of the Respondent, claimed that the modest sum charged for electricity was to meet the costs of the standing charges, light and power usage over a period of 12-months. She too was uncertain as to why Rhodic Holdings held the liability to pay the electricity charges. Further, she did not have any further electricity bills for payment in respect of 13 Holland Road Limited and was unable to provide any further details.

7.9.5 Decision of the Tribunal

7.9.5.1 It was a requirement set down in the lease that the common parts were to be provided with electrical lighting and power. There was no dispute between the parties upon payability of a common area electricity charge.

7.9.5.2 It is good practice for the common parts to be provided with a separate meter and such would incur a standing charge in addition to the actual costs for electricity used.

7.9.5.3 The Tribunal based upon their experience and knowledge predicted a likely utility bill for the lighting and power usage in the common areas as described by the parties to be in the order of £70-£80 per annum. A standing charge would then need to be added to this sum, and this is estimated at or around £120 per annum.

7.9.5.4 After careful consideration and notwithstanding the difficulties presented in respect of lack of evidence, Tribunal determined a sum of £200 was both reasonable and payable.

7.10 **Legal expenses**

7.10.1 Counsel for the Applicants again took Tribunal's to the wording of lease clause 8.3. She said the lease did not provide for recovery of litigation costs. She explained the legal costs arise solely from the Directors defending a County Court claim brought by the Applicants that they had been negligent in the management of the building.

7.10.2 Counsel then referred the Tribunal to two authorities. The Court of Appeal decision between *Kensquare Limited – v – Mary A A Boakye* [2021] EWCA Civ 1725; and *No 1 West India Quay (Residential) Ltd – v – East Tower Apartments Ltd* [2021] EWCA Civ 1119.

7.10.3 In *Kensquare – v – Boakye*, the Court of Appeal addressed the matter of when a lease provided for the recovery legal fees within the service charge provisions. At paragraph 156 of the Decision Taylor, LJ said:

"I add only a few words on the issue whether legal fees can be included in the service charge under this lease ...

"For my part, I shall require to see a clause in clear and unambiguous terms before being persuaded that the result was intended by the parties."

- 7.10.4 This requirement for “clear and unambiguous terms” in a lease is referred to in the Court of Appeal's Decision in respect of *No 1 West India Quay – v – East Tower Apartments*. The landlord in this dispute was seeking to recover from a tenant a proportionate share of the costs which they had incurred in litigation with the tenant. The landlord had relied upon a service charge provision which referred to:

'The reasonable and proper fees and disbursements payable by the lessor to procure the property management of the residential premises.'

- 7.10.5 The Court of Appeal relied upon the findings of the Deputy President, where it was held that:

'Generally worded provisions in the service charge machinery, contained in a residential long lease of a flat in central London did not include for litigation costs incurred by the landlord.'

- 7.10.6 It was Counsel's contention that the lease in this instance did not provide adequate provision for the recovery of litigation costs.
- 7.10.7 Ms D'Amico on behalf of the Respondent said she was not aware of these authorities prior to the hearing, and it remained her opinion that the lease provided for recovery of such litigation costs. She questioned as to how both her fellow Director and her were otherwise to protect themselves from a challenge by the Applicants, against their integrity and competence.

7.10.8 Decision of the Tribunal

- 7.10.8.1 It is not in dispute that the legal costs were incurred by the Directors of 13 Holland Road Limited in taking legal advice and seeking legal representation to refute claims of alleged negligence in the carrying out of their duties and responsibilities.

- 7.10.8.2 The Tribunal has reviewed the lease clauses 8.1-8.3 to which both parties referred to in their submissions on payability. The Tribunal were unable to identify any plainly written provisions in the lease that allow for the recovery of litigation costs.

- 7.10.8.3 The Tribunal was directed by Counsel to the authorities *Kensquare* and *No 1 West India Quay* when reviewing the relevance of the lease wording in determination of the payability of a service charge. The Tribunal are also aware that in ascertaining whether costs are recoverable through the service charge, the overriding principles that apply are those described in *Arnold v Britton [2012] EWHC 3451 (Ch)*.

These involve examining the wording of the charging provision, in its context and against all the admissible background and in the light of the apparent commercial purpose of the clause and then deciding what it meant and how it operated.

7.10.8.4 The Tribunal has applied the guidance offered in *Arnold v Britton [2012] EWHC 3451 (Ch)* in making their determination. Firstly, there is no wording in the lease that specifically referred to the recovery of legal costs arising from litigation or any other legal process. There is no legal costs “sweeper clause” in the lease with only Clauses 8.1 -8.3 dealing with service charge recovery. The Tribunal were unable to identify a commercial or other purpose that would justify the charging provision clauses to operate so that Director’s litigation costs arising from a negligence action could be recovered. There is no history of operation of the charging clause that would justify such recovery. Any reading of the natural and ordinary meaning of the clause does not include recovery of legal costs arising from litigation.

7.10.8.5 The Tribunal concluded that for these reasons, the legal fees were not recoverable from any of the tenants through the service charge account.

7.10.8.6 The Respondent failed to provide any supporting information on the legal costs. The only submission in the bundle is an invoice with no detail of time expended or hourly fees charged. It is for this reason the Tribunal has not considered the reasonableness of such charges given the lack of evidence provided by the Respondent.

7.11 **Management fees**

7.11.1 The Ringley Group were appointed to manage the building in November 2023. A claim of £4,500 inclusive of VAT was made by them through the service charge account for services during the period November 2023 to September 2024. This is equivalent to a sum of £1,125 including VAT for the period for each flat in the building.

7.11.2 Counsel for the Applicants said that they had no evidence as to the precise details of management activities that had been undertaken, they had not been involved in the appointment of The Ringley Group as managing agents, nor had they seen a contract of appointment in respect of the services to be provided.

7.11.3 Ms D'Amico said that the appointment of The Ringley Group as managing agent had stemmed from a compromise agreement that they had reached with the Applicants in 2017. The appointment of The Ringley Group as managing agent had been brought to an end in November 2024 due to the Applicant's failure to pay the management fees. Ms D'Amico said she thought the charges to be reasonable, given the difficulties experienced in managing 13 Holland Road together with the small number of flats within the building.

7.11.4 Decision of the Tribunal

- 7.11.4.1 The Tribunal has knowledge and experience of the likely costs to be incurred in the management of a building such as 13 Holland Road.
- 7.11.4.2 No evidence is provided to Tribunal of comparable evidence in relation to the management of similar buildings and has therefore relied upon its own knowledge and experience of these matters.
- 7.12 The Tribunal therefore determined that a sum of £2,500 inclusive of VAT for management of the four flats in the building was both reasonable and payable in respect of 13 Holland Road. This is equivalent to a sum of £625 including VAT for the period November 2023 to April 2024 for each flat in the building.
- 7.13 The Tribunal recognise the management charge made for the 6 month period April 2024 to September 2024 was £375 per flat. This accords with the annual sum allowed for the preceding period and the charge is deemed reasonable and payable.
- 7.14 **Setup fee**
- 7.14.1 A setup fee of £594, was shown in the Scott Schedule as charged by The Ringley Group in respect of the costs of initial administration when appointed as the managing agents.
- 7.14.2 Decision of the Tribunal
- 7.14.2.1 The payability of the management charges was not disputed. It was noted there was a lack of invoices and receipts as evidence for this expenditure within the bundle,
- 7.14.2.2 The submissions of the Respondent that confirmed the need for the setup works were preferred to those of Counsel made on behalf of the Applicants
- 7.14.2.3 The Tribunal are experienced in these matters and are aware of the likely set up costs and charges for a building of this type. They rely upon this expertise in allowing the charge of £595 inclusive of vat for these initial works.
- 7.15 **s.20C Order**
- 7.15.1 Any determination in this matter about a s.20C and a paragraph 5A Order application is made primarily based on whether it is just and reasonable that the Respondent be prevented from recovering its costs of the proceedings, based on the level of success enjoyed by the Applicants.
- 7.15.2 Other relevant factors in making an order include the circumstances and conduct of the parties to the application.
- 7.15.3 In *Conway & Ors – v – Jam Factory Freehold Limited [2013]*. UKUT 0592 (LC) case, the Upper Tribunal determined:

'One of the circumstances that may be relevant is where the landlord is a resident-owned management company with no resources apart from the service charge income.'

- 7.15.4 In considering this s 20 c application the Tribunal has had regard to the outcomes of the application, the circumstances of the parties, together with the fact that this is a resident-owned management company.
- 7.15.5 The submissions made to Tribunal by all parties indicate a breakdown in the relationship between the Applicants and the Respondent. It is arguable that such dysfunction has in part led to the need for the application and the proceedings to take place.
- 7.15.6 Counsel on behalf of the Applicants proffered an argument that factual differences, coupled with the lack of willingness to engage on the part of the Respondent prior to initiating proceedings, justified the grant of a 20C Order. She also said costs were likely to be levied through service charges for the hearing. An invoice amounting to some £5,000 from K&K Solicitors is in the bundle in respect of legal services provided in preparation for the hearing.
- 7.15.7 The Respondent claimed the breakdown in communication had largely arisen due to the Applicants' failure to engage. The Respondent cited the Applicants' behaviour, and particularly their withdrawal from a settlement agreement brokered in 2018.
- 7.15.8 Decision of the Tribunal
- 7.15.8.1 Notwithstanding the outcome of the application and after careful consideration, the Tribunal decided not to make a s20C Order, given the financial position of the resident owned management company and the likelihood that, if such charges were not shared between the leaseholders, the management company would fail. The failure of the parties to meaningfully engage with each other prior to and during the application is also material to this decision.
- 7.15.9 Next Actions
- 7.15.10 This matter should now be returned to the County Court sitting at Central London under claim number **K03CL397**. This to satisfy the order issued by His Honour Judge Ashby that the First Tier Tribunal is invited to deliver and send to the parties its final judgment before the trial in the County Court on 25-26 March 2025.

Name: Ian B Holdsworth
Tribunal Judge

Date: 12 March 2025

RIGHTS OF APPEAL

- 1 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.
- 2 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.
- 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 identify the decision of the Tribunal to which it relates (ie, 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.

APPENDIX B

Scott Schedule

Service charge year 1 April 2023 to 31 March 2024					
Item	Costs	Tenant's Comments	Landlord's Comments	Tribunal determination	Sum payable and reasonable
Cleaning	£ 480.00	The costs relate to a monthly charge of £120.00 between December 2023 and March 2024. Cleaning was not carried out or was not carried out to an acceptable standard. The cleaning relates to a short communal entrance and set of stairs from the ground to the second floor.	Pictures of before and after cleaning are available here https://we.it/t-1QcCC1t7FJ	The Applicants evidence was that a cleaning visit was undertaken on two occasions. They claimed that one visit was made in February and a second in June 2024, therefore for subsequent service charge a further £72.00 is payable if properly demanded.	£ 72.00
Company secretarial fees	£ 310.00	These expenses are not recoverable under the lease.	Clause 8 clarifies any doubt	The Tribunal were unable to identify any Terms of Engagement for the Company Secretary. There was no evidence a Company Secretary was appointed.	£ -
Directors and office insurance	£ 36.00	These expenses are not recoverable under the lease.	Clause 8 clarifies any doubt	A reasonable and payable sum.	£ 36.00
Electricity costs	£ 200.00	We have not been provided with the relevant utility bills. The Applicants reserve their right to dispute this expense on receipt of the utility bills.	Accrual expense No actual deduction	The Tribunal was advised there is a separate electricity meter for the common areas and a Standing Charge is payable for this meter. This is estimated at around £120 per annum. A variable charge of some £80.00 per annum for the common are lighting and power is deemed reasonable.	£ 200.00
Legal fees	£ 3,640.00	These fees were incurred in reallocated Applicants' claim against the landlord for breaches of lease provided. These costs are not recoverable as service charges under the lease.	Clause 8 clarifies any doubt	None allowed as not payable under lease terms	£ -
Management fees	£3,000	The management was appointed in November 2023. Between November 2023 and March 2024 sums of £3,000 were incurred. This seems excessive. We understand the industry standard is £250.00 per flat per annum. This means that management fees should be limited to £1,000 per annum."	Fees are justifiable for the location and level of service received after years of mismanagement by claimants	The Tribunal recognise this is a property with significant historic management problems and difficulties. The property comprises only 4 units. Most Managing Agents seek a minimum charge for property services and this charge, would need to be borne by the 4 dwellings. This would reduce the attractiveness to a managing agent. The Tribunal based upon their experience and knowledge and the price proposed by Rigley's for continuing work determine a management fee of £2,500 inclusive of vat is deemed appropriate	£ 2,500.00
Professional fees	£ 594.00	We have not been provided with the relevant invoices and receipts for these expenses. The Applicants reserve their right to dispute this expense on receipt of the relevant invoices and receipts.	Invoices attached	The Tribunal has considered this sum reasonable and payable	£ 594.00
Total for service charge year 2023/24					£ 3,402.00

Service charge year part 2024/2025					
Cleaning fees (2024/2025)	£ 360.00	These were for cleaning services rendered between April and June 2024. Again, these cleaning services were not provided or not provided to an acceptable standard.	Pictures of before and after cleaning are available here: https://we.tl/t-1QcCIt7FJ	One clean in June 2024 agreed and sum allowed.	£ 75.00
Management fees (2024/2025)	£ 1,500.00	These fees cover the period April to September 2024. These fees are excessive. We understand that the industry standard is £250.00 per flat per annum.	Fees are justifiable for the location and level of service received after years of mismanagement by claimants	The Tribunal deem this sum reasonable and payable.	£ 1,500.00
Maintenance	£ 210.00	These were works carried out within the first floor flat and are not recoverable as a service charge. The owner of the first floor flat is liable to pay these costs.	Agreed. This will be adjusted	Withdrawn	£ -
Legal Expenses (2024/2025)	£ 6,950.00	These costs were incurred in reaction to proceedings brought by the Applicants against the landlord due to the landlord's breaches of covenants. These costs are not recoverable as service charges under the lease.	Clause 8 clarifies any doubt	Not payable under lease terms	£ -
Total for part service charge year 2024/2025					£ 1,575.00

A P P E N D I X C

The law

Relevant legislation

Landlord & Tenant Act 1985 (as amended)

Section 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.

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.

- (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.

Section 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.

Section 20

- (1) Where this section applies to any qualifying works or qualifying long term agreement, the relevant contributions of tenants are limited in accordance with subsection (6) or (7) (or both) unless the consultation requirements have been either: -
- (a) complied with in relation to the works or agreement; or
 - (b) dispensed with in relation to the works or agreement by (or on appeal from) the appropriate tribunal.
- (2) In this section 'relevant contribution', in relation to a tenant and any works or agreement, is the amount which he may be required under the terms of his lease to contribute (by the payment of service charges) to relevant costs incurred on carrying out the works or under the agreement.

- (3) This section applies to qualifying works if relevant costs incurred on carrying out the works exceed an appropriate amount.
- (4) The Secretary of State may by regulations provide that this section applies to a qualifying long-term agreement: -
 - (a) if relevant costs incurred under the agreement exceed an appropriate amount; or
 - (b) if relevant costs incurred under the agreement during a period prescribed by the regulations exceed an appropriate amount.
- (5) An appropriate amount is an amount set by regulations made by the Secretary of State; and the regulations may make provision for either or both of the following to be an appropriate amount: -
 - (a) an amount prescribed by, or determined in accordance with, the regulations; and
 - (b) an amount which results in the relevant contribution of any one or more tenants being an amount prescribed by, or determined in accordance with, the regulations.
- (6) Where an appropriate amount is set by virtue of paragraph (a) of subsection (5), the amount of the relevant costs incurred on carrying out the works or under the agreement which may be taken into account in determining the relevant contributions of tenants is limited to the appropriate amount.
- (7) Where an appropriate amount is set by virtue of paragraph (b) of that subsection, the amount of the relevant contribution of the tenant, or each of the tenants, whose relevant contribution would otherwise exceed the amount prescribed by, or determined in accordance with, the regulations is limited to the amount so prescribed or determined.]

Section 20B

- (1) If any of the relevant costs taken into account in determining the amount of any service charge were incurred more than 18 months before a demand for payment of the service charge is served on the tenant, then (subject to subsection (2)), the tenant shall not be liable to pay so much of the service charge as reflects the costs so incurred.
- (2) Subsection (1) shall not apply if, within the period of 18 months beginning with the date when the relevant costs in question were incurred, the tenant was notified in writing that those costs had been incurred and that he would subsequently be required under the terms of his lease to contribute to them by the payment of a service charge.

Section 20C

- (1) A tenant may make an application for an order that all or any of the costs incurred, or to be incurred, by the landlord in connection with proceedings before a court, residential property tribunal or the Upper Tribunal, or in connection with arbitration proceedings, are not to be regarded as relevant costs to be taken into account in determining the amount of any service charge payable by the tenant or any other person or persons specified in the application.
- (2) The application shall be made: -
 - (a) in the case of court proceedings, to the court before which the proceedings are taking place or, if the application is made after the proceedings are concluded, to a county court;
 - (aa) in the case of proceedings before a residential property tribunal, to that tribunal;
 - (b) in the case of proceedings before a residential property tribunal, to the tribunal before which the proceedings are taking place or, if the application is made after the proceedings are concluded, to any residential property tribunal;
 - (c) in the case of proceedings before the Upper Tribunal, to the tribunal;
 - (d) in the case of arbitration proceedings, to the arbitral tribunal or, if the application is made after the proceedings are concluded, to a county court.
- (3) The court or tribunal to which the application is made may make such order on the application as it considers just and equitable in the circumstances.

Section 21B

- (1) A demand for the payment of a service charge must be accompanied by a summary of the rights and obligations of tenants of dwellings in relation to service charges.
- (2) The Secretary of State may make regulations prescribing requirements as to the form and content of such summaries of rights and obligations.
- (3) A tenant may withhold payment of a service charge which has been demanded from him if subsection (1) is not complied with in relation to the demand.
- (4) Where a tenant withholds a service charge under this section, any provisions of the lease relating to non-payment or late payment of service charges do not have effect in relation to the period for which he so withholds it.
- (5) Regulations under subsection (2) may make different provision for different purposes.

- (6) Regulations under subsection (2) shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.