



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

**Case Reference** : **MAN/00BL/LSC/2023/0037**

**Property** : **55, Provincial House, 6, Nelson Square,  
Bolton BL1 1LH**

**Parties** : **Man Wai Hung**  
: **J H Asset Management Ltd**

**Type of Application** : **Reasonableness of Service Charges  
Sections 20- 27A Landlord and Tenant Act  
1985.  
Application under Section 20C Landlord and  
Tenant Act 1985**

**Tribunal Members** : **Mr J R Rimmer  
Mr S Wanderer MRICS**

**Date of Decision** : **2<sup>nd</sup> November 2024**

**Order** : **The service charges in question are reasonable, to the extent  
that they have been adequately ascertained. Further  
consideration may be considered in response to the concluding  
paragraphs hereof.**

## **Application**

- 1 The Tribunal received an application from the Applicant in this matter dated 4<sup>th</sup> April 2023 in relation to service charges arising in the accounting years 2021. 2022 and 2023.
- 2 The Respondent is the management company having responsibility for the provision of the services to the building and the collection of appropriate contributions to the costs thereof under the terms of the leases to the flats within the building.
- 3 Whilst it would appear that the Applicant had concerns as to the provision of services in general to the development at Provincial House, the Application was limited to consideration of utility bills, maintenance costs and sinking fund contributions in each of the years, together with the cost of building insurance and roof repairs in 2021 only.
- 4 Further clarification in respect of those matters appeared when the Applicant, in particular, provided a statement of case in support of the application. This accompanied an email of 5<sup>th</sup> January 2024 from the Applicant's then representative which limited complaint to:  
2021 – general repairs and maintenance  
gas and electricity  
water  
2022 - general repairs and maintenance  
gas and electricity  
cleaning  
2023 - Utility bills (which the Tribunal took to refer to gas, electricity and water again).
- 5 The objections to all these costs were simple. They had been incurred without any prior consultation with leaseholders, were far higher than expected, or justified, and in relation to utilities arose from an unwillingness to meter individual usage, but to apportion costs according to the terms of the lease.
- 6 The Respondent's contentions were that the costs had been reasonably incurred, the amounts were reasonable in themselves and represented what was being charged to them. The terms of the leases of the respective flats required charges to be levied according to the proportions provided for and not by way of metering individual usage.
- 7 A legal officer of the Tribunal determined in due course that this was a case that was capable of being determined upon the papers presented to the Tribunal for its consideration and was not one that required a hearing. The Tribunal noted in due course that there were contested issues of fact that would suggest a hearing was required, and in the absence of such the Tribunal did have difficulty in obtaining and understanding the information that would assist its deliberations.

## **Inspection**

8 The Tribunal inspected the exterior and common parts of Provincial House on the morning of 10<sup>th</sup> April 2024 and found it to be a repurposed four storey block situated in a commercial area of Bolton town centre convenient for all local amenities. It comprises some 78 flats accessed by a main entrance onto Nelson Square to an hallway which in turn gives lift and staircase access to the upper floors where flats are situated off a number of corridors. The ground floor continues to provide commercial accommodation, although it appears there was little or no occupation at the time of the inspection.

### The law

9 The law relating to jurisdiction in relation to service charges, falling within Section 18 Landlord and Tenant Act 1985, is found in Section 19 of the Act which provides:

- (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 provision of services or the carrying out of works, only if the services or works are of a reasonable standard.

10 Further section 27A Landlord and Tenant Act 1985 provides:

- (1) An application may be made to a First-tier Property 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

and the application may cover the costs incurred in providing the services etc and may be made irrespective of whether or not the Applicant has yet made any full or partial payment for those services (subsections 2 and 3)

Subsection 4 provides for certain situations in which an application may not be made but none of them apply to the situation in this case.

### **Interim determination**

- 11 As no hearing had been requested, The Tribunal commenced its deliberations following its inspection. The Tribunal has not given extensive consideration to the provisions of the lease of the subject property, other than in relation to the determination of the extent of the Applicant's liability under the lease. No issue appears to have been taken with the view that a service charge is payable for those heads of service charge that the Applicant has raised, other than in relation to the manner in which charges are assessed for individual flats.

- 12 The Tribunal has had some difficulty in assessing the merits of the respective cases parties. The Applicant limits herself to basic assertions that the charges to which challenges are made are unreasonable and/or excessive with limited insight provided as to how such unreasonableness may be ascertained, or against what concrete criteria they may be assessed. On the other hand, the Respondent did eventually supply a comprehensive breakdown of the costs relating to the heads of charge being considered.
- 13 This has not assisted the Tribunal in reaching a speedy decision, necessitating it conducting its own analysis of individual invoices to establish if the heads of charge in the relevant annual service charge accounts were supported by relevant invoices.
- 14 The enquiries it has undertaken to do justice to the competing contentions of both parties has produced the results that are set out below.

15 The service charges

These are identified as service costs in Schedule 4 to the lease, a copy of which is contained within the bundle of documents provided to the Tribunal. The service costs for which the Respondent may charge are those that are provided for in the Schedule.

16 Utility Bills

Sub-paragraph (c) of Schedule 4 in the part referring to service costs provides that such costs include the costs of electricity, gas, oil and other fuel supplies for the provision of the services or otherwise consumed in the common parts. The Tribunal would take that to include water that is so consumed in that process.

The charge relates only to such fuel and water consumed in providing services to the common parts. Such similar commodities as are supplied to individual flats are not part of the service charge, but are dealt with in clause 3.4.2 of the lease where the lessee covenants to pay all charges for the supply of utilities to the flat including connection charges, standing charges and meter rents.

If the Tribunal understands the position correctly, none of those utilities are separately metered to the flats and all such costs are apportioned equally between the flats. The tribunal view is that only the consumption relating to the common parts should be apportioned in that way. The consumption within any particular flat should be what determines the amount of those bills.

17 Repairs and maintenance

These items are now vouchered within the various emails provided by the Respondent in relation to the years 2021 and 2022, with a budgeted amount provided for 2023. In the absence of any particular challenge to individual invoices the Tribunal is entitled to take the view that they are, on their face, genuine and relate to work done. There is nothing to suggest they are unreasonable.

There is reference to one particular invoice for roofing work, for a sum of some

£2,700.00. There is nothing to suggest it is unreasonable. The Applicant is correct in the view that it is additional and not budgeted for. It is the nature of repair work that it is likely to be reactive and not planned. There may be a view taken that some element for contingency should be provided in a preliminary budget for the year, but the absence of such does not make the cost unreasonable.

18 Cleaning

As in the previous paragraph, vouchers are provided for 2021 and 2022, with the budget for 2023. Nothing suggests that the amounts are unreasonable and the inspection of the property by the Tribunal suggested to it that the costs incurred reflect a balance between desirability and affordability.

19 The Tribunal would have been able to take advantage of obtaining the views of the parties on the matters above had a hearing, either in person or by electronic link, been provided for. The parties are therefore requested to consider the above conclusions.

20 Thereafter either party may make written submissions to the Tribunal by 5pm Friday 6<sup>th</sup> December 2024, and providing a copy thereof at the same time to the other party, whereupon the Tribunal will give the matter further consideration.

J R RIMMER (CHAIRMAN)

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