FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Case reference	:	**LON/00AW/HMF/2024/0259**
Property	:	**Flat 6 Ledbury, Portobello Court, Westbourne Grove, London W11 2DH**
Applicant	:	**Mohamed Maslouh**
Representative	:	**Ms Desiree Artesi - Counsel**
Respondent	:	**Julian and Co Managing Partners Limited**
Representative	:	**Mr Gyula Ruzicska - Director**
Type of application	:	**Rent Repayment Order**
Tribunal member(s)	:	**Judge Dutton** **Mr A Lewicki BSc(Hons) FRICS MBEng**
Venue	:	**Remote hearing on 28 May 2025**
Date of decision	:	**5 June 2025**

DECISION

DECISION

The tribunal determines that the offence of failing to licence a house in multiple occupancy has been committed by the Respondent and order that the sum of £7,546.00 is payable as a Rent Repayment Order such sum to be paid within 28 days.

Background

1. This application was made by Mr Mohamed Maslouh on 4 July 2024 seeking a Rent Repayment Order (RRO) in the sum of £10,800 representing the rent paid of £900 per month for the period 21 February 2023 to 20 February 2024.

2. The property is question is Flat 6 Ledbury, Portobello Court, Westbourne Grove, London W11 2DH (the Property) and the respondent is Julian and Co Managing Partners Limited.

3. By a defence statement dated 19 December 2024 the Respondent, through its director Gyula Ruzicska, admitted that a licence had not been obtained "during the tenancy period".

4. Prior to the hearing we were provided with a bundle on behalf of the Applicant running to some 140 pages, a defence statement, a skeleton argument on behalf of the Applicant produced by Ms Desiree Artesi of Counsel, for which we are grateful and late in the day what purported to be a skeleton argument for the Respondent which also include further documentation.

5. The Applicant objected the late delivery of this skeleton argument, but we decided to admit same, subject to caveats as to relevance and evidential worth as it did at least provide some information on expenses and the financial position of the Respondent.

Hearing

6. Ms Artesi tendered Mr Maslouh for cross examination he relying on his two statements dated 4July 2024 and 15 January 2025 respectively. The first statement was included in the hearing bundle. It confirmed that he first rented the room at the Property in February 2023 and remained there until 15 May 2024 when he, together with the other tenants vacated the Property. He told us the Property comprised 5 bedrooms and joint facilities of a kitchen bathroom and toilet.

7. He confirmed that there were always more than three tenants living at the Property who were not related and that the Property was in the licensing scheme for the Royal Borough of Kensington and Chelsea.

8. It was not necessary to go into detail concerning the offence because by reason of the response filed by the Respondent there is an admission that no licence had been sought for the Property and an acceptance that the offence of failing to licence an HMO contrary to s72(1) of the Housing Act 2004 had been committed.

9. Mr Maslouh did confirm that he had not seen the various certificates produced in the late skeleton argument relating to Gas safety and fire issues as well as the Energy Performance certificate.

10. Asked whether he was content living at the flat he did say there had been issues with the bed, which seems were resolved. He also told us that he had broken his ankle and that for a month was bed bound and during that time had smoked in his bedroom.

11. We then heard from Mr Ruzicska who is the director of the Respondent company. He had made two 'statements'. One was dated 19 December 2024 in which the admission that the offence had been committed was made although he sought to ameliorate the impact of same by suggesting it was an administrative error and not an intentional disregard of the law. He admitted he had limited knowledge of HMO rules.

12. This statement went on to suggest that there were conduct issued on the part of Mr Maslouh such as damage to the decoration in the bedroom, smoking in the Property, leaving items in situ when he vacated and some delays in paying the rent, although there was no suggestion he was in arrears.

13. He asked that he reduce the sum being claimed because he had swiftly rectified the 'error', Mr Maslouh's conduct, which it was said contributed to financial losses and the compliance with the health and safety issues.

14. In the second skeleton argument from the Respondent dated 26 May 2025 we were told that the Respondent was not the owner of the Property and that the majority of the rent received was passed on to the freeholder. Apparently, the rent paid to the freeholder on the limited evidence before us was £48,000 per annum. The rental income received was £57,696, being £4,808 per month leaving a profit of in the region of £800 per month.

15. It was confirmed and accepted by Mr Maslouh, that included in the rent was the sum of £35 per month for gas and electricity and a further £26.50 per month per tenant for Council tax. The statement also sought to request a reduction in the amount claimed by reason of the

limited gain to the Respondent and a request that any sum found due should be paid by instalments.

16. The statement went on to respond to the points raised in the skeleton argument produced by Ms Artesi. It was accepted that the Respondent was not an H MO licensing expert, nor indeed was Mr Ruzicska. Immediately upon becoming aware of the breach steps were taken to obtain vacant possession of the Property. Reference was made to video evidence, but we declined to consider same as it was delivered very late in the day and there was no chance to check its compatibility with MOJ systems. This statement exhibited the relevant gas certificates and Energy Performance certificate. The company's financial data was also included which we shall return to in due course.

17. In oral evidence Mr Ruzicska told us he had a good rapport with Mr Maslouh until he lost his job and there were difficulties in paying the rent on time.

18. In cross examination he confirmed that the Respondent had existed for some 12 years and that it managed some 7 – 8 HMO's, although it seems that the landlord of these properties arranged for the licensing to be dealt with, unlike the Property. He told us that Amber & Co were the managing agents for the freeholder, and it is that name which appears on the certificates produced and that they were responsible of dealing with the certification. He confirmed that the Respondent did its own inventory before and after the letting and that the tenants were encouraged to video the state of their rooms at the expiration of any letting.

19. On questioning from the tribunal, he confirmed that the Respondent employed some 16 members of staff which accounted for nearly £240,000 in salaries in the year ending 31 March 2024. The accounts also disclosed directors' loans of over £358,000, and it was confirmed that Mr Ruzicska was the sole director. He said that these were not freely available cash but sums that had been reinvested in the company. The profit for the year was £25,818.

20. He told us that he had suffered from ill health since the start of the year.

Submissions

21. Ms Artesi reminded us that this was intended to be a punitive regime and that reasonableness did not factor in the award made. We should not allow the repairing invoice as this was a responsibility of the Respondent. Whilst she accepted the deductions for utilities and

council tax she was concerned that these had not been produced until the last minute.

22. Mr Ruzicska had relied upon a litany of oversights but he should have known of the licensing requirements managing, as the company did, some 7 – 8 HMO's. This demonstrated a lack of care which amounted to issues of conduct for us to take into account. The sum claimed was not a large amount when one considered the company's accounts.

23. In response Mr Ruzicska repeated his apology for the commission of the offence. There was, apparently further data he could have put before us but had run out of time. He did not seek to exploit tenants and reminded us at Mr Maslouh had renewed his agreement to stay beyond the initial period.

Findings

24. We are grateful to Ms Artesi for her skeleton argument which provided the background to her submission which we have taken into account in reaching our decision. In addition, we obliged to Mr Ruzicska for quickly acceding the Respondent's culpability and accepting the rent that had been paid by Mr Maslouh, it certainly reduced the hearing time.

25. There is no argument that an offence of failing to licence an HMO has made out. We accept that is the case. No reasonable defence was put forward. The fact that the Respondent had relied on the freeholder to licence other properties they managed did not excuse the Respondent from checking the position in relation to the Property, the more so in that it had been managing same for some 8 years. To be fair to Mr Ruzicska he did not seek to rely on this as an excuse and there a no evidence before us that the Respondent was absolved from this responsibility as we did not have a complete copy of any lease with the freeholder.

26. Having been satisfied that an offence has been committed and there is no reasonable excuse, we consider that an RRO should be made. The question for us to now consider is the quantum of same.

27. For Mr Maslouh we were urged to allow the full sum claimed, namely £10,800. We put to Ms Artsei that the Upper Tribunal case of Williams v Parmar [2021]UKUT 0244 indicated a reduction in the penalty as set out at paragraph 52, which says as follows:

In this case, the landlord is, on the evidence, a first offender, with no relevant convictions. That is obviously in her favour. She was, however, a professional landlord who must be taken to have known

the requirements for licensing an HMO. The failure to apply for a licence is unexplained in evidence, save that the landlord said that she overlooked it. There is nothing in her financial circumstances or her conduct to justify reducing the amount of the RROs. The landlord only applied for a licence after an environmental health officer had visited and itemised deficiencies of the Property and the absence of a licence. The Property would not have obtained a licence without further substantial works, had the landlord applied for one, and her February 2020 application was in due course refused because the works had not been done. The inference to be drawn is that the landlord wanted to be able to derive rental income from the Property before she was in a position to do the further works that were necessary to enable her to obtain an HMO licence. There were serious deficiencies in the condition of the Property, which affected the comfort of all the tenants, and the undersized bedroom affected Ms Susans particularly.

28. In that case a reduction of 20% was made. In this case we have an experienced Respondent who manages other HMO's, we are told without issue. There is, however, evidence of a lackadaisical attitude to the obligations of being a landlord of an HMO. There is no suggestion that the Property was unsafe and somewhat belatedly certificates of compliance have been produced. It would seem that the flat was perfectly habitable from Mr Maslouh's point of view as he extended his tenancy. However, no attempt was made to obtain a licence and instead when contacted by the Council the immediate reaction was to cause the Property to be vacated.

29. We accept that there was not a great deal of profit for the Respondent but that is no reason to impact on the award we make. In addition, the company appears to be in reasonably good financial health with quite extensive loan obligations to the director, Mr Ruzicska.

30. Accordingly, we have approached the matter in this way. Firstly, we calculate that the maximum amount that we could award, as agreed by the Respondent, is £10,800 being 12 months' rent. From this we should deduct utilities and council tax, which were agreed at £738 per annum (see paragraph 15 Above) leaving a sum of £10,062 per annum. This is, in our calculation the maximum award.

31. As to the seriousness of the offence we have noted all that was said by Ms Artesi. The imposition of a RRO is intended as a deterrent not compensatory. However, we must consider s44 of the Housing and Planning Act 2016 which says as follows:

44 Amount of order: tenants

(1)Where the First-tier Tribunal decides to make a rent repayment order under section 43 in favour of a tenant, the amount is to be determined in accordance with this section.

(2)The amount must relate to rent paid during the period mentioned in the table.
(omitted)
(3)The amount that the landlord may be required to repay in respect of a period must not exceed—

(a)the rent paid in respect of that period, less

(b)any relevant award of universal credit paid (to any person) in respect of rent under the tenancy during that period.

(4)In determining the amount the tribunal must, in particular, take into account—

(a)the conduct of the landlord and the tenant,

(b)the financial circumstances of the landlord, and

(c)whether the landlord has at any time been convicted of an offence to which this Chapter applies.

32. As to conduct there is an allegation, accepted by Mr Maslouh that for a period of say one month he smoked at the property. There is no real evidence any other behaviour. The redecorating of the room and the hallway are expenses one would expect the landlord to cover. There is a complaint that contents had to be removed but we heard from Mr Ruzicska that he helped Mr Maslouh do this, so we do not understand the claim for this. The smoking was in breach of the license agreement, but it appears to be for a limited period. Taking the matter in the round we do not consider there should be any impact on the award as a result of the Applicant's alleged conduct.

33. There is no conviction and no evidence of any previous involvement of the Respondent with an offence under the Housing and Planning Act 2016 or the Housing Act 2004.

34. As to financial status of the Respondent we heard all that was said by Mr Ruzicska. The accounts show a gross profit of £473,445 for the year ending March 2024, with a profit of £24,818. However, the profit and loss accounts show £237,695 in staffing costs and over £109,000 in legal and professional fees which were not convincingly explained. Included in the late delivered bundle was what purported to be a statement from Mr Peter Csige, said to be the company account. There is no statement of truth, and he did not attend the hearing. It was also produced too late in the day. We declined to consider his statement.

35. Taking the matter in the round, we find this as a serious example of one of the less serious offences in respect of which a rent repayment order can be made. The Respondent does not cover itself in glory. Taking as a starting point the reduction allowed in the above-mentioned case of Williams v Parmar we consider that a further 5% will be added to reflect the less

serious nature of the offence for which the claim is made and such conduct as may appertain to the Respondent, essentially the failure to licence.

36. Accordingly, taking the net rent at £10,062 (see para 30) and applying a 25% reduction for the reasons set out above we determine that a RRO in respect of this matter should be £7,546.00 (rounded down) and so order.

37. We do not consider an instalment option is one we would suggest. It is for the parties to see if agreement can be reached in this regard.

Signed Judge Dutton Date 5 June 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).