

FIRST-TIER TRIBUNAL

PROPERTY CHAMBER (RESIDENTIAL

PROPERTY)

Case reference : BIR/OOCN/HMJ/2025/0001

Flat 5B

Property : 42 York Road

Edgbaston B16 9BJ

Applicants : Veghese Mathew and Cicci Maria Xavier

Representative : None

Respondent : Susan Wadsworth

Representative : None

Type of application: Application by a Tenant for a Rent

Repayment Order

Tribunal member : Mr G S Freckelton FRICS (Chairman)

Mr A McMurdo MSc, MCIEH

Date of hearing : 27th June 2025 by video hearing

Date of decision 9th July 2025

DECISION

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Background

- 1. By application dated 23rd February 2025 Veghese Mathew and Cicci Maria Xavier ("the Applicants") applied for a rent repayment order against Susan Wadsworth ("the Respondent") under the Housing and Planning Act 2016 ("the Act").
- 2. The grounds of the application were that the Respondent had control of a house which was required to be licensed but was not so licensed, under section 95 of the Housing Act 2004 ("the 2004 Act"), and that she had therefore committed one of the offences listed in section 40(3) of the Housing and Planning Act 2016 ("the Act") and that the Tribunal were therefore permitted to make a rent repayment order in their favour.
- 3. Directions were issued on 20th March 2025, following which submissions were received from the Applicants. No submissions were received from the Respondent.
- 4. A video hearing took place on 27th June 2025 without an inspection. The Respondent did not attend the video hearing. This decision states the outcome of the application and the reasons for the order the Tribunal makes on it.

The Law

5. The relevant provisions of Part 3 of the 2004 Act, so far as this application is concerned are as follows-

79 Licensing of houses to which this Part applies

- (1) This Part provides for houses to be licensed by local housing authorities where—
- (a) they are houses to which this Part applies (see subsection (2)), and
- (b) they are required to be licensed under this Part (see section 85(1)).
- (2) This Part applies to a house if—
- (a) it is in an area that is for the time being designated under section 80 as subject to selective licensing, and
- (b) the whole of it is occupied either—
- (i) under a single tenancy or licence that is not an exempt tenancy or licence under subsection (3) or (4)...

85 Requirement for Part 3 houses to be licensed

- (1) Every Part 3 house must be licensed under this Part unless—
- (a) it is an HMO to which Part 2 applies (see section 55(2)), or
- (b) a temporary exemption notice is in force in relation to it under section 86, or...
- (c) a management order is in force in relation to it under Chapter 1 or 2 of Part 4.

95 Offences in relation to licensing of houses under this Part

- (1) A person commits an offence if he is a person having control of or managing a house which is required to be licensed under this Part (see section 85(1)) but is not so licensed.
- (2) In proceedings against a person for an offence under subsection (1) it is a defence that, at the material time—

- (a) a notification had been duly given in respect of the house under section 62(1) or 86(1), or
- (b) an application for a licence had been duly made in respect of the house under section 87, and that notification or application was still be effective (see subsection (7)).
- (3) In proceedings against a person for an offence under sub-section (1) it is a defence that, at the material time-

•••

(b) an application for a licence had been duly made in respect of house under section 87,

and that ... application was still effective.

- (4) In proceedings against a person for an offence under subsection (1) or (2) it is a defence that he had a reasonable excuse—
 - (a) for having control of or managing the house in the circumstances mentioned in subsection (1), or
 - (b) for failing to comply with the condition, as the case may be.
- 6. The relevant provisions of the 2016 Act, so far as this application is concerned, are as follows –

40 Introduction and key definitions

- (1) This Chapter confers power on the First-tier Tribunal to make a Rent Repayment Order where a landlord has committed an offence to which this Chapter applies.
- (2) A rent repayment order is an order requiring the landlord under a tenancy of housing in England to—
 - (a) repay an amount of rent paid by a tenant, or ...
- (3) A reference to 'an offence to which this Chapter applies' is to an offence, of a description specified in the table, that is committed by a landlord in relation to housing in England let by that landlord.

Act	Section	General description of offence
Housing Act 2004		control or management of unlicensed house

41 Application for rent repayment order

- (1) A tenant or a local housing authority may apply to the First-tier Tribunal for a rent repayment order against a person who has committed an offence to which this Chapter applies.
- (2) A tenant may apply for a rent repayment order only if
 - (a) the offence relates to housing that, at the time of the offence, was let to the tenant, and
 - (b) the offence was committed in the period of 12 months ending with the day on which the application is made.

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Making of rent repayment order 43

- (1) The First-tier Tribunal may make a rent repayment order if satisfied, beyond reasonable doubt, that a landlord has committed an offence to which this Chapter applies (whether or not the landlord has been convicted).
- A rent repayment order under this section may be made only on an application (2)under section 41.
- (3)The amount of a rent repayment order under this section is to be determined in accordance with—
 - (a) section 44 (where the application is made by a tenant);

Amount of order: tenants 44

- (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.

If the order is made on the ground that the landlord committed an offence mentioned in row ..6.. of the table in section during which the landlord was 40(3)

the amount must relate to rent has paid by the tenant in respect of a period not exceeding 12 months committing the offence

- (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
 - any relevant award of universal credit paid (to any person) in respect of (b) rent under the tenancy during that period.
- In determining the amount, the Tribunal must, in particular, take into account— (4)
 - (a) the conduct of the landlord and the tenant,
 - (b) the financial circumstances of the landlord, and
 - whether the landlord has at any time been convicted of an offence to (c) which this Chapter applies.

Applicant's Submissions

- The Applicants submitted in their written submissions and at the hearing that they 7. rented the property from 14th July 2024 for a term of twelve months. Since that date the Applicants have paid rent to the Respondent of £1,200.00 per month. A copy of the tenancy agreement was submitted to the Tribunal.
- Clause 3.1 of the Agreement states that the tenant is responsible for all charges '..such 8. as Electricity, Gas, Water, Sewage, Telephonic and Television services used.' However, this has been manually deleted and a written note states that 'charges included in rent (bills and council tax)'. At the hearing the Applicants submitted that this alteration was made prior to the tenancy agreement being signed and in the absence of any submissions from the Respondent to the contrary, the Tribunal therefore accepts that all utility bills including Council Tax are included in the rent.

- 9. The Applicants claim a rent repayment order of £14,400.00 being twelve months rent from 14th July 2024 to 13th July 2025.
- 10. The Applicants contacted Birmingham City Council and submitted a copy of a letter dated 21st February 2025 confirming that the property required to be licensed under the Selective Licensing Scheme but that there was no licence and no application had been received, nor was there a temporary exemption in place. It was therefore submitted that the Respondent did not have a licence during the period of the tenancy when a licence was required and had therefore committed an offence under section 95(1) of the Act.
- 11. The Applicants thought that the Respondent may have applied for a licence in December 2024 but that this was rejected by Birmingham City Council as Flat 5 had been converted into two separate flats, Flat 5A and Flat 5B without planning consent or building regulation approval. However, without any submissions from the Respondent this cannot be confirmed and the letter from Birmingham City Council dated 21st February 2025 would indicate that no licence application had been made by that date. It is not known if a licence was subsequently applied for, but in the absence of any submission from the Respondent, the Tribunal can only assume not.
- 12. The Applicants detailed a breakdown of the rent covering the rental period concerned and sought a rent repayment order in the sum of £14,400.
- 13. It was submitted that the property was not licensed at any point during the Applicant's period of claim. This satisfied all elements of the offence of having control of, or managing, an unlicensed property under Part 3, section 95(1) of the Housing Act 2004 which is an offence specified under section 40 (3) of the Housing and Planning Act 2016.
- 14. The Applicants confirmed that they were seeking a rent repayment order for the period 14th July 2024 until 13th July 2025 at a rental of £1,200.00 per month.
- 15. Therefore, the Applicant calculates the rent repayment order as follows: 12 months x 1,200.00 = £14,400.00
- 16. The Applicants submitted in their written submissions and at the hearing, copies of bank statements confirming that the following rent payments were made:

DATE	AMOUNT (£)
15/07/2024	1,200.00
14/08/2024	1,200.00
15/09/2024	1,200.00
18/10/2024	1,200.00
15/11/2024	1,200.00
15/12/2024	1,200.00
14/01/2025	1,200.00
15/02/2025	1,200.00
15/03/2025	1,200.00
14/04/2025	1,200.00
14/05/2025	1,200.00
14/06/2025	1,200.00
Total	£14,400.00

- 17. The actual amount paid on 15^{th} July 2024 was £2,390.00 but only £1,200.00 was in respect of rent, the remainder being the deposit.
- 18. The Applicants also submitted that utility bills were received by them which should have been the responsibility of the Respondent. These were as follows:

DATE	COMPANY	AMOUNT
September 2024	Ovo Energy Limited	202.47
10/10/2024	Severn Trent	331.46

- 19. The Tribunal understands that the Applicants have been reimbursed for both invoices.
- 20. The Applicants requested that the Respondent carry out repairs to the Property. The Respondent refused and referred the Applicants to a Solicitor. Briefly the works were:
 - a) Water leakage and paint peeling to one room.
 - b) Requested 'peep hole' to front door. (The Tribunal considers this to be an 'improvement' rather than a 'repair').
 - c) Requested Gas Safety Certificate.
 - d) No smoke alarms were fitted as stated in tenancy agreement.
 - e) No ventilation to the washroom causing mould.
 - f) A smell of sewage to one of the bedrooms.
- 21. The Applicants further submitted that they had suffered from harassment as they had received humiliating WhatsApp messages and the utilities had been changed into their names (which, the Respondent denied to them) and this had adversely impacted their credit scores.
- 22. The Applicants made enquiries and realised that the Respondent did not have a licence to rent the Property. A copy of the email to the Respondent requesting the repairs and a copy of the Gas Safety Certificate was included in 'Annex C' of the Applicants written submissions. It was submitted that the Gas Safety Certificate was never provided and there was no evidence to the contrary.
- 23. The Applicants submitted that the Property was situated in North Edgbaston which is one of the 25 Wards in the selective licensing scheme in Birmingham. This licensing scheme means that all private landlords in this area must have a license to rent out a privately rented property. By an email dated 13th November 2024, Amy Hurley from Birmingham City Council had also confirmed that there was no record of Flat 5 having been divided into two separate units and no permission had been sought for this work. A copy of this email was attached at 'Annex D' of the Applicants written submissions.
- 24. On 21st February 2025 Amy Hurley of Birmingham City Council confirmed that there was no record of the Respondent having a license in respect of Flat 5B. A copy of this email was attached at 'Annex E' of the written submissions. The Applicants therefore claimed repayment of all the rent which has been paid from 14th July 2024. It was believed by the Applicants that the selective licensing scheme commenced in 2020.

Respondents' Submissions

25. The Respondent did not comply with the Tribunal's Directions, made no submissions and did not attend the hearing.

The Respondents' financial position

26. As the Respondent did not attend the hearing the Tribunal was unable to obtain any financial information regarding her financial circumstances. It does however appear to the Tribunal, based on the information provided by the Applicants at the hearing, that she is the owner of some five flats in the subject property, one of which she lives in.

General Matters

- 27. The Tribunal asked the Applicants to describe the property which is understood to be a self-contained flat comprising of a communal entrance area, private entrance hall, lounge, kitchen, two bedrooms and shower room. The property is double glazed.
- 28. There is understood to be gas fired central heating although the boiler and meters are in the adjoining flat, number 5A. There are communal gardens and a parking space.

Discussion and Determination

- 29. On this application for a rent repayment order, the first issue for the Tribunal is to decide whether the Respondent has committed an offence under section 95 of the 2004 Act, namely whether the Respondent has had control of or management of a property which requires to be licensed, but which is not so licensed. No rent repayment order can be made unless this offence is established beyond reasonable doubt.
- 30. There are 6 elements to the offence:
 - a. That the Property must be a "house";
 - b. That the Property must be in area which the local authority has designated as an area of selective licensing;
 - c. That the Property is let under a single tenancy or licence that is not an exempt tenancy or licence;
 - d. That the Property is not licensed;
 - e. That the Respondent is "a person managing or having control" of the Property;
 - f. That there is no reasonable excuse for the Respondent having control of the Property without it being licensed (which has to be proved by the Respondent on the balance of probabilities).
- 31. The first five elements of the offence are not seriously in doubt. The Property is a building, consisting of a dwelling, which therefore falls under the definition of "house" in section 99 of the 2004 Act. The Tribunal accepts the evidence which is submitted by the Applicants that the Property was both within a selective licensing area as from 14th July 2024 (when the tenancy commenced), and that no application for a licence was made at any time during the Applicant's tenancy. If this is incorrect then the Respondent had an opportunity to engage in the proceedings to repudiate it, but having chosen not to do so, in the absence of evidence to the contrary, the Tribunal is entitled to presume that no licence application has been made.
- 32. The Tribunal then proceeded to consider Section 95 of the Act. Section 95(3) confirms that 'it is a defence that, at the material time-
 - (b) an application for a licence had been duly made in respect of the house under section 87, and that notification or application was still effective (see subsection 7).

- 33. In this case, it is submitted by the Applicants, and confirmed by Birmingham City Council that there was no licence in respect of the property at least until 21st February 2025 when the letter was sent by Birmingham City Council to the Applicants. No evidence has been provided to us by the Respondent to dispute this. The Respondent could have engaged in the Tribunal process but chose not to do so, and as stated in paragraph 31, the Tribunal therefore assumes that the offence is continuing up to the date of the hearing. As such, the Tribunal determines that there is no statutory defence for the Respondent having control of the property without it being licensed. In particular:
 - a) There was no licence.
 - b) An application for a licence had not been made.
 - c) The Respondent had received no Notice of Exemption from the local authority confirming that for any reason, the property was exempt from the requirement to have a licence.
- 34. A copy tenancy agreement provided to us in the bundle of documents confirms that the property is let under a single tenancy. The Respondent is managing the property as she receives the rack rent which is paid directly to her. By virtue of section 263 of the Act she is therefore the person in control of the Property as she receives the rent directly from the tenants. It was submitted by the Applicants that the letting agent was only employed to obtain tenants for the property and does not act in the general management of it. Neither does the managing agent collect the rent.
- 35. No evidence was provided to us to indicate that the Respondent has a reasonable excuse for failing to license the Property. In fact, as previously noted, the Respondent did not comply with the Directions and took no part in the proceedings. We therefore find, as a matter of fact that an offence under section 95 of the 2004 Act is proved.
- 36. In the absence of any submissions from the Respondent, we find as a matter of fact that there was no agreement between the managing agent and the Respondent to notify the Respondent of the need to obtain a selective licence and no copy of any 'Management Agreement' was provided to the Tribunal. Indeed, the Applicants submit that the managing agent told them that the Respondent had informed the agent that she had the necessary licence,
- 37. In the recent Upper Tribunal case of *Aytan v Moore* [2022] UKUT 27 (LC), the Upper Tribunal said:
 - "40. We would add that a landlord's reliance upon an agent will rarely give rise to a defence of reasonable excuse. At the very least the landlord would need to show that there was a contractual obligation on the part of the agent to keep the landlord informed of licensing requirements; there would need to be evidence that the landlord had good reason to rely on the competence and experience of the agent; and in addition there would generally be a need to show that there was a reason why the landlord could not inform themself of the licensing requirements without relying upon an agent, for example because the landlord lived abroad."
- 38. There is no evidence that the Respondent did not know of the selective licensing scheme.

- 39. Our conclusion on the first issue is that the Respondent did commit an offence under section 95 of the 2004 Act between 14th July 2024 (the date the tenancy commenced) and 27th June 2025 (the date of the hearing) during which period the Applicant was a tenant in the property.
- 40. The second question for us is to determine is the maximum possible award we could make as a rent repayment order. It cannot be higher than the rent that was paid in a period, not exceeding 12 months, during which the landlord was committing the offence (see section 44(2) and 44(3)(a) of the 2016 Act).
- 41. The offence was continuing from 14th July 2024 (the date the tenancy commenced) until 27th June 2025 (the date of the hearing). The Applicant is therefore entitled to a rent repayment order for this period and we have to identify both the rent paid *during* that period and the rent payable *in respect of* that period (see *Kowalek v Hassanein Ltd* [2021] UKUT 143 (LC)). In the absence of any evidence to the contrary regarding the application for a licence being submitted by the Respondent, the Tribunal determines that the offence actually ceased at the date of the hearing.
- 42. In *Acheampong v Roman* [2022] UKUT 239 the Upper Tribunal set out the following guidance on how to quantify the amount of a rent repayment order which, it said, will ensure consistency with the authorities:
 - a) Ascertain the whole of the rent for the relevant period;
 - b) Subtract any element of that sum that represents payments for utilities that only benefited the tenant, for example gas, electricity and internet access. It is for the landlord to supply evidence of these, but if precise figures are not available an experienced tribunal will be able to make an informed estimate;
 - c) Consider how serious this offence was, both compared to other types of offence in respect of which a rent repayment order may be made (and whose relevant seriousness can be seen from the relevant maximum sentences on conviction) and compared to other examples of the same type of offence. What proportion of the rent (after deduction as above) is a fair reflection of the seriousness of this offence? That figure is then the starting point (in the sense that the term is used in criminal sentencing); it is the default penalty in the absence of any other factors but it may be higher or lower in light of the final step;
 - d) Consider whether any deduction from, or addition to, that figure should be made in the light of the other factors set out in section 44(4).
- 43. The evidence was (see paragraph 15 above) that the sum of £14,400.00 was paid as rent during the period.
- 44. The Tribunal is required to satisfy itself as to the amount of the possible rent repayment order and as it cannot consider the period after the date of the hearing, it disagrees with the Applicants assessment and calculates the amount as follows:

Rent: £1,200.00 per month x 12 = £14,400.00 per annum \div 365 = £39.45 per day.

We therefore calculate the rent for the period 14^{th} June $2025 - 27^{th}$ June 2025 as follows:

14 days x £39.45 per day = £552.30.

45. However, the Tribunal is only able to take account of the rental payments actually made during the period of the Application. We calculate this as follows:

11 months x £1,200.00= 13,200.0014 days x £39.45=
$$552.30$$
Total£13,752.30

Therefore, the starting point for the maximum award we can make is £13,752.30.

- 46. The third question for us is to determine is the amount we are willing to order, taking into account the factors we are obliged to consider contained in section 44(4) of the 2016 Act. We may also take into account any other factors we consider are relevant (see paragraph 50 of *Williams v Parmar* [2021] UKUT 0244 (LC)).
- 47. Having regard to *Acheampong v Roman* we therefore take into account the following:
 - a. This would appear to be the Respondents first offence;
 - b. It is clear from 'Ayton' and other Upper Tribunal cases that the intention of Parliament with this legislation was to target "rogue" landlords and it is by no means certain that the Respondent falls within that description;
 - c. The Respondents' financial circumstances. In the absence of submissions from the Respondent and based on the evidence from the Applicants, we are satisfied on a balance of probability that the Respondent is able to afford the full amount of the rent repayment order we make.
- 48. We do not give any weight to the following factors:
 - a. The fact that any rent repayment ordered may be considered by some to be an underserved windfall for the tenant. This is not a factor we are able to take into account.
- 49. We therefore follow the decision in *Acheampong v Roman*. Our view is that it would be unjust not to make an adjustment to the maximum sum we can order as a rent repayment balancing all the factors listed above.
- 50. As we have previously determined the starting point for our award is £13,752.30 (paragraph 45).
- 51. However, it is apparent from the Applicants submissions (both in writing and at the hearing) that the rent paid included utility bills and expenses. Having regard to *Acheampong v Roman* we are required to deduct these from the maximum award.
- 52. In the absence of any input from the Respondent who could have provided more accurate information, the Tribunal have used their knowledge and experience and have determined appropriate deductions as follows:

Water Charges

Included in the Applicants submissions is a copy of a Severn Trent water invoice for £331.46 for a period of 232 days. This equates to a daily rate of £1.43 which also equates to £521.95 per annum or £43.50 per month.

However, the invoice is referred to as being for 'Flat 5' which the Tribunal understands to be what now comprises Flat 5A and Flat 5B. Therefore, in the absence of information to the contrary the Tribunal halves this amount to leave a monthly rate of £21.75 and a daily rate of £0.72p. Based on these figures the Tribunal assesses the reasonable amount of the deduction for water charges as follows:

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11 months x 21.75 = 239.25

14 \text{ days x 0.72} = 10.08

Total £249.33
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Gas and Electricity Charges

There was no meaningful information provided in respect of gas and electricity charges and using its own knowledge and experience the Tribunal determined that a cost of £125.00 per month was reasonable. This equates to £1,500.00 per annum and £4.11 per day.

The Tribunal therefore assesses the cost of gas and electricity charges as follows:

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11 months x 125.00 = 1,375.00

14 days x 4.11 = 57.54

Total £1,432.54
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Telephone and Television

There was no evidence provided to indicate the use of either telephone or television services and these have been disregarded by the Tribunal.

Council Tax

The evidence is that Flat 5 has been converted, without the approval of the local authority, into two separate self-contained units. As such there will be no separate assessment for Council Tax purposes of the properties. The result of this is that the Respondent will be paying Council Tax on only one flat, rather than two. The Tribunal does not believe that it is just and equitable that the Respondent should benefit from this irregular position and makes no further deduction in respect of Council Tax.

53. This leaves the maximum amount we are able to order as follows:

Maximum amount as paragraph 45	13,752.30	
Less: Water Charges		
Gas and Electricity Charges	1,432.54	
<u>Total</u>		1,681.87
Maximum rent repayment order	£12,070.43	

54. We further determine that the offence of not having a selective licence is not unduly serious on its own when taking account of the range of potential offences for which rent repayment orders are available, such a harassment or unlawful eviction. We do not accept the Applicants submission that WhatsApp messages and the change of the name on utility bills amounts to harassment.

- 55. However, neither do we accept that the sum of £12,070.43 is an appropriate starting point and balancing all the factors listed above, our view is that 40% of this amount (£12,070.43) is appropriate. This gives a maximum potential award of £4,828.17.
- 56. The purpose of a rent repayment order is to deter landlords from the unlawful action of operating without a licence when required and to prevent repeat offences. In this case the Respondent has chosen to ignore the Tribunal's Directions which is disrespectful. The Tribunal is of the opinion that the Respondent is a 'Professional Landlord'.
- 57. There is evidence of some disrepair which has not been addressed by the Respondent as detailed in paragraph 20. There is also the matter of the Gas Safety Certificate which should have been provided to the Applicants at the commencement of the tenancy and the utility invoices which, in the determination of the Tribunal should always have been payable by the Respondent.
- 58. There is also a submission from the Applicants that the Deposit paid at the commencement of the tenancy was not initially protected under an authorised Deposit Protection Scheme and that although the tenancy commenced in July 2024, the deposit was not actually protected until December 2024.
- 59. The Tribunal finds as a matter of fact that the Applicants notified the Respondent of repairs that were required to the property and that no repairs were completed. The Tribunal also determines that the Respondent's reply to the Applicants email of 20th December 2024 in respect of the outstanding repairs which stated 'Refer all queries to your Solicitor as requested by your wife/partner' was wholly inadequate. We therefore increase the award of £4828.17 as noted in paragraph 54 by 25% to reflect the behaviour of the Respondent. This results in a maximum award of £6,035.21.
- 60. We therefore, then take into account the Respondents' financial circumstances as detailed in 44(4)(b) of the Act and as we have no submissions provided to us, we make no further adjustment to reflect the financial circumstances of the Respondent.
- 61. We order that the Respondent must pay a rent repayment order to the Applicant in the sum of £6,035.21.
- 62. We further order that the Respondent must reimburse to the Applicant the Application Fee (£100.00) and the Hearing Fee (£200.00) making a total of £300.00.

Appeal

63. Any appeal against this decision must be made to the Upper Tribunal (Lands Chamber). Prior to making such an appeal the party appealing must apply, in writing, to this Tribunal for permission to appeal within 28 days of the date of issue of this decision (or, if applicable, within 28 days of any decision on a review or application to set aside) identifying the decision to which the appeal relates, stating the grounds on which that party intends to rely in the appeal, and stating the result sought by the party making the application.

Graham Freckelton FRICS Chairman. First-tier Tribunal (Property Chamber)