FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Case Reference	**:**	**CAM/33UG/OC9/2025/0009 P:Paperremote**
Property	**:**	**21 Chapelfield Gardens Coburg Street Norwich NR1 3BF**
Applicant	**:**	**Mr Philip Graham Spencer and Mrs Leah Anne Spencer**
Representative	**:**	**Clapham and Collinge Solicitors**
Respondent	**:**	**Chapelfield Residential Limited**
Representative	**:**	**Forsters LLP**
Type of Application	**:**	**Determination of the landlord's recoverable costs under section 60(1) of the Leasehold Reform, Housing and Urban Development Act 1993**
Tribunal Member	**:**	**Evelyn Flint FRICS**
Date of Decision:	**:**	**7 August 2025**

DECISION

This has been a remote hearing on the papers which has been consented to by the Applicant and not objected to by the Respondent. A face to face hearing was not held because it was not practicable, no-one requested the same, and all the issues could be determined on the papers. The documents that I was referred to were emailed to the Tribunal, the contents of which I have recorded.

Decision of the tribunal

The tribunal determines that pursuant to section 60(1) legal fees of £3322.50 plus VAT are payable by the Applicant.

Introduction and background

1. The Applicant is the long leaseholder of the flat known as 21 Chapelfield Gardens Coburg Street Norwich NR1 3BF (the "Property"). Under a lease dated 12 July 2007 for a term of 99 years from 25 December 2006.

2. The Respondent is the competent landlord for the purposes of the Leasehold Reform and Urban Development Act 1993.

3. This is an application under section 91(2)(d) of the Leasehold, Reform, Housing and Urban Development Act 1993 (the "Act") to determine the amount of the landlord's recoverable costs under s60(1) of the Act in connection with a claim under section 42 of the Act to exercise the tenant's right to extend the lease of the "Property".

4. On 4 March 2024 the Applicants, served notices of claim on the landlord under section 42 of the Act.

5. Forsters LLP, on behalf of the Respondent, served a counter notice on 9 May 2024 admitting the Applicants' right to acquire a new lease.

6. Negotiations between the solicitors ensued and the premium was agreed. The parties agreed the terms of acquisition and requested the draft lease and details of legal and surveyor's fees. The draft lease was received by the applicants' solicitor on 24 October 2024. The applicants' solicitor was advised that legal fees were £4000 + VAT on 3 December 2024.

7. The Applicant applied for a Determination of Costs payable pursuant to Sections 60 of the Leasehold Reform Housing and Urban Development Act 1993 and confirmed that a paper determination was acceptable.

8. There does not appear to be any dispute regarding the level of surveyor's fee or the cost of disbursements.

9. The applicants relied upon the wording of s60(1) of the Act in support of their contention that the fees claimed were excessive and would not be acceptable if the respondent were personally responsible for their payment. The flat is in a large complex with uniform leases, the draft lease was not particularly unique to this flat and the fees for drafting were unrealistic.

10. Their objections related to the seniority of staff and time spent on each and every process; need for peer review by a more junior member of staff than the actual fee earner; negotiating the terms of the lease are not within the scope of s60(1) and the costs have not been broken down to reflect this.

11. They asserted that as the solicitors were appointed to undertake a series of regular instructions related to leasehold properties within the same building a fixed fee or a discount would be agreed if the respondent were responsible for paying the fees.

12. In support of these contentions the applicants referred to several Leasehold Valuation Tribunal decisions.

13. The Respondent's solicitors responded to the Applicants' statement of case pointing out that Forsters LLP is a leading London firm, highly experienced in leasehold matters. Their hourly rate is reasonable, the test for the Tribunal was whether the landlord would reasonably pay the fees demanded.

14. The firm had first been instructed to deal with lease extensions in the complex in 2002 and had completed only five since then. Consequently, it would be inappropriate to expect a fixed fee or discount in those circumstances. In fact, in the last twelve months three lease extensions had been completed at fees of £4500, £3500 and £3750 + VAT which had been agreed or paid.

<u>The costs in issue</u>

15. The landlord has provided a schedule of the costs it says it has properly incurred under section 60(1) in the sum of £4,000 legal fees + VAT. No invoices in respect of the legal fees were provided.

16. Both parties have submitted statements of case as to the costs recoverable under section 60.

<u>The Respondent's evidence</u>

17. The Tribunal was provided with an itemised schedule of the legal fees with the date and description of each item, the time spent and

resultant cost. The schedule is not broken down into discreet areas covering each subsection of section 60 of the Act, being S.60(1)(a) to (c).

18. The Respondent says the rates charged are reasonable as Forsters are a leading London firm real estate being their largest area of practice. Moreover, they specialise in Leasehold Enfranchisement, therefore the fees are properly payable by the Applicant. The Respondent denies that the charges are excessive or unreasonable or not within the ambit of section 60.

19. The Respondent states that it is company policy that the counter notice and draft lease are peer reviewed at Senior associate level or above.

<u>The Applicants' evidence</u>

20. The applicant asked the Tribunal to use as a guide the fees charged in previous applications within the complex and also the fees being charged to the applicant by their own solicitor: a fixed fee of £995.

21. The Applicant considered that some elements of the costs were excessive and that others did not fall within Section 60 of the Act. It was unnecessary for the fee earner to carry out administrative tasks e.g. obtaining office copy entries from the Land Registry.

22. In particular the Applicant relies on Sinclair Gardens Investments (Kensington) Ltd v Wisbey UKUT203(LC) which highlights that there is a burden on the landlord who is claiming costs for professional services to provide evidence that they are reasonable in extent and amount.

<u>Determination</u>

23. Costs under S.60 are limited to the recovery of reasonable costs of and incidental to any of the following matters:

i. Any investigation reasonably undertaken of the tenant's right to a new lease;

ii. Any valuation of the tenant's flat obtained for the purpose of fixing the premium or amount payable by virtue of Schedule 13 in connection with the grant of a new lease under section 56;

iii. The grant of a new lease under that section.

24. Subsection 2 of section 60 provides that "*any costs incurred by a relevant person in respect of professional services rendered by any person shall only be regarded as reasonable if and to the extent*

that costs in respect of such services might reasonably be expected to have been incurred by him if the circumstances had been such that he was personally liable for all such costs".

25. Having read all the representations made by both parties I determine that the work was undertaken by the appropriate Grade fee earner other than the checking of the work by a lower grade fee earner. It may be company policy however I determine it is unreasonable to charge for a peer review, albeit by a junior colleague, of work undertaken by a senior fee earner charged out at £450 per initially, reflecting her expertise in this area.

26. Futthermore the time spent negotiating the premium is not allowable under s60(1). I have taken into account that the respondent's final offer was made via a letter dated 14th June 2024. As no breakdown between drafting the new lease and negotiating the premium was provided, I have estimated a total of 2.5 hours for drafting the new lease, split as follows: 1.4 hours at £450 + 1.1 hours at £475 per hour.

27. The costs relating to the grant of a new lease are also payable. Neither party has provided sufficient information regarding the time taken to complete the lease. In the circumstances I accept that the time charged was reasonable.

28. The Tribunal determines that after deducting for the peer review (£192.50) and adjusting the time for drafting/negotiating (£687.50) the following amounts are payable:

    legal fees £3322.50 + VAT

    Surveyors fees and disbursements were not contested.

Name: Evelyn Flint **Date:** 7 July 2025

<u>Costs recoverable under section 60 of the Act</u>

Costs incurred in connection with new lease to be paid by tenant.

(1) Where a notice is given under section 42, then (subject to the provisions of this section) the tenant by whom it is given shall be liable, to the extent that they have been incurred by any relevant person in pursuance of the notice,

for the reasonable costs of and incidental to any of the following matters, namely—

(a)any investigation reasonably undertaken of the tenant's right to a new lease;

(b)any valuation of the tenant's flat obtained for the purpose of fixing the premium or any other amount payable by virtue of Schedule 13 in connection with the grant of a new lease under section 56;

(c)the grant of a new lease under that section;

but this subsection shall not apply to any costs if on a sale made voluntarily a stipulation that they were to be borne by the purchaser would be void.

(2) For the purposes of subsection (1) any costs incurred by a relevant person in respect of professional services rendered by any person shall only be regarded as reasonable if and to the extent that costs in respect of such services might reasonably be expected to have been incurred by him if the circumstances had been such that he was personally liable for all such costs.

(3) Where by virtue of any provision of this Chapter the tenant's notice ceases to have effect, or is deemed to have been withdrawn, at any time, then (subject to subsection (4)) the tenant's liability under this section for costs incurred by any person shall be a liability for costs incurred by him down to that time.

(4) A tenant shall not be liable for any costs under this section if the tenant's notice ceases to have effect by virtue of section 47(1) or 55(2).

(5) A tenant shall not be liable under this section for any costs which a party to any proceedings under this Chapter before a leasehold valuation tribunal incurs in connection with the proceedings.

(6) In this section "relevant person", in relation to a claim by a tenant under this Chapter, means the landlord for the purposes of this Chapter, any other landlord (as defined by section 40(4)) or any third party to the tenant's lease.

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. The application should be made on Form RP PTA available at https://www.gov.uk/government/publications/form-rp-pta-application-for-permission-to-appeal-a-decision-to-the-upper-tribunal-lands-chamber

4. 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.

5. 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.