FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Case reference	**:**	**LON/00AK/LSC/2024/0730**
Property	**:**	**Flat 227, Tower Point, Sydney Road, EN2 6SZ**
Applicant	**:**	**Sancroft Properties Limited**
Representative	**:**	**Brady Solicitors (Ms K Staunton of counsel appearing at the hearing)**
Respondent	**:**	**Gerard James Huu Loc Tran**
Representative	**:**	**In person**
Type of application	**:**	**For the determination of the liability to pay service and administration charges following a transfer from the County Court**
Tribunal members	**:**	**Mr O Dowty MRICS** **Mr J Naylor FRICS**
Venue	**:**	**10 Alfred Place, London WC1E 7LR**
Date of decision	**:**	**11 August 2025**

DECISION

Decisions of the tribunal

(1) The only service charges demanded that are **not** payable under the lease are the charges in relation to:

- Section 20 – Fire Doors - £813.12 on 1 April 2023 – which has been conceded by the applicant.
- "Excess Service Charge" - £109.23 on 17 November 2022 - which we find is not payable.

(2) In addition, we find that the amount of £13.63 should be **credited** to the respondent due to errors in the calculation of the respondent's share previously.

(3) The remainder of the service charges demanded are reasonable and payable.

(4) We determine that the claimed administration charge for interest – on 29 May 2024 to the sum of £1,184.20 - is **not** payable.

(5) The administration charge of £100 for the administration involved in instructing solicitors, charged on 29 May 2024, is reasonable and payable under the lease.

(6) The administration fee of £10 to deal with a payment of £1 made by the respondent, charged on 11 November 2019, is reasonable and payable.

(7) The Tribunal makes no decision concerning the applicant's claims for statutory interest, "contractual costs as at the date of issue" nor fixed costs for issuing proceedings in the County Court as these are matters outside of our jurisdiction.

(8) The Tribunal makes no decision concerning the respondent's arguments for set-off, nor his counterclaim, as these are matters outside of our jurisdiction.

(9) This matter shall now be sent back to the County Court for it to make judgement in this matter in light of our decision concerning the reasonableness and payability of the service and administration charges demanded.

The application

1. Proceedings were originally issued in the County Court (Civil National Business Centre) under claim no. L5AY7R46. The claim was transferred to the Edmonton County Court, and then in turn transferred to this tribunal, by order of District Judge Davies on 17 October 2024.

2. Directions were issued by this Tribunal on 3 December 2024 by Judge Martynski, which were subsequently amended as regards deadlines by one of the Tribunal's legal officers Ms Sandford on 31 December 2024. Those directions explained that the Tribunal's determination would concern solely the reasonableness and payability of service charge and administration costs; and that once the Tribunal had made its decision regarding those issues the case would be "sent back to the County court for it to deal with any other matters".

3. In addition, those directions directed the applicant to clarify their claim, which they did by means of an email dated 10 January 2025. From that email, and the further information we have been provided, the applicant's claim can be broken down as:

- £24,968.12 of arrears (£10 of which are administration charges and the remainder service charges)
- £1,184.20 of interest charges demanded as an administration charge
- A further £100 administration charge for the administration involved in instructing solicitors in this matter
- Statutory Interest of £623.86
- £4,959.60 in "contractual costs as at the date of issue"
- "Fixed costs of £100".

4. The Tribunal cannot deal with all of those costs. The arrears consist of service and administration charges, which we clearly have jurisdiction regarding; as is also true of the administration charges of £1,184.20 interest and the £100 administration fee; both of which have been demanded as administration charges.

5. The remaining issues concern statutory interest on the amount allegedly owed and the applicant's legal costs in the County Court. We have not been provided anything showing those costs have yet been demanded as service or administration charges (if they are ever intended to be), and instead they are a matter for determination by the County Court.

The hearing

6. The hearing was a somewhat chaotic affair at points. First, the respondent did not attend the, face-to-face, hearing that had been arranged in this matter for 10 June 2025. However, the Tribunal's case officer was able to make contact with the respondent who said he had put the date in his calendar incorrectly and that he wished to appear remotely. We therefore converted the hearing to a hybrid one, which was attended in person by Ms Staunton of counsel for the applicant alongside Ms Lisibach – a member of the applicant's managing agent's staff who appeared as a witness; and by the respondent Mr Tran remotely.

7. When Mr Tran did appear, he was courteous and respectful – even to the point of apologising for his appearance at the beginning of the hearing and putting a shirt and tie on for the afternoon session.

8. However - and we say this with full sympathy to the difficulties faced by litigants in person, which this Tribunal is particularly sensitive to – Mr Tran's case was not laid out neatly at all; and it was very difficult to follow at points. We sought to offer as much assistance in presenting his case as was proper to the respondent, but unfortunately he was quite resistant to direction; repeatedly returning to generalised complaints and reference to his advanced right to set off, which we had already explained was a matter for the County Court and not for us.

9. We were concerned that the respondent might not have had time to prepare for the hearing as he thought it was to be held on another day, and asked if he wished to make an application to postpone the hearing. However, he did not wish to do that and indicated instead that he strongly wished the hearing to go ahead and that he believed he was sufficiently prepared.

The background

10. The property which is the subject of this application is a flat in a large, modern, purpose-built block in Enfield.

11. Neither party requested an inspection and the tribunal did not consider that one was necessary, nor would it have been proportionate to the issues in dispute.

12. The Respondent holds a long lease of the property which requires the landlord to provide services and the tenant to contribute towards their costs by way of a variable service charge. The specific provisions of the lease and will be referred to below, where appropriate.

The issues

13. It was difficult to establish the issues in this case, which was not made easier by the respondent's failure to complete a Scott schedule setting out his challenges to the service charge as he was directed to.

14. The applicant's counsel Ms Staunton, in her skeleton argument, had helpfully listed the issues she believed to be in play. We discussed that list with the parties, and it was established that it was largely accurate, whilst slightly misunderstanding what the respondent's point was regarding certain things. It also included a bullet point (bullet point e) concerning whether the respondent had paid £12,000 towards the balance which falls outside of our jurisdiction to determine.

15. Accordingly, the relevant issues identified by the parties as being for determination by the tribunal are as follows:

1) The relevant time period our determination relates to

2) Were the demands and summary of rights and obligations sent by the applicant to the respondent?

3) Was the respondent sent the service charge accounts on request?

4) Are charges relating to costs and interest payable and reasonable

5) Is the applicant's proportion of the total service charge .77% or .932%?

6) Whether the charges for fire doors, lifts and an excess service charge in September 2023 are reasonable and payable

7) Whether the landlord had complied with Section 20 consultation requirements as regards items over £250

16. Having heard evidence and submissions from the parties and considered all of the documents provided, the tribunal has made determinations on the various issues as follows:

Issue 1: The relevant time period our determination relates to

17. The respondent averred that our determination was limited to the period 1 April 2021 – 1 April 2024. The applicant disagreed and thought the challenge should cover the period from 1 October 2019 to 29 May 2024.

The tribunal's decision concerning issue 1

18. We do not intend to dwell on this matter at length as it does not seem to us to get off the ground as being an issue as far as our jurisdiction is concerned.

19. In terms of the service charges, the respondent raises no challenge to the service charges in the years 2019-20 and 2020-21, and considers he has paid the relevant sums. However, there is an administration charge in that period that he questions, and it is not apparent that he actually **admits** those years; in fact, the respondent made clear the service charge for 2020-21 year was paid, if it was, as a gesture of goodwill.

20. We therefore find that the period in which we are to determine the reasonableness and payability of service charges is 1 October 2019 – 29 May 2024.

21. It is worth noting that, if the respondent were right that he had conceded the years 2019-21, there would in any case be no prejudice to him in our determining that those sums were reasonable and payable.

Issue 2 - Were the demands and summary of rights and obligations sent by the applicant to the respondent?

22. The applicant's position as regards the demands and summary of rights and obligations (for both service charges and administration charges) was that they had been sent to the respondent, but in fact when we heard the evidence of Ms Lisibach – the property manager for the applicant – the position was much more nuanced than that suggested. We were told in the evidence of Ms Lisibach (who was a straightforward and unvarnished witness who was clearly doing her best to answer all of the questions put to her honestly) that the demands were not sent, due to the ongoing dispute between the parties, until October 2023.

23. Whether they were then received at all was also in dispute. The respondent averred that he did not receive the demands at all, and complained they had been sent to his old address (that of the subject flat itself). There was dispute as to whether he had sufficiently told the applicant of a change in his address, and the applicant made a number of submissions concerning the law in this area. However, under questioning the respondent's position seemed to shift somewhat in any case, and we were told that the respondent lived between both the subject flat and another one.

The tribunal's decision concerning issue 2

24. The applicant made a number of submissions concerning the law and their ability to rely on sending the demands to the subject property address (which, we were told in evidence by Ms Lisibach, had been done - alongside the relevant summaries of rights - by first class post) with which we agreed in any case. However, in light of the respondent's saying he still lives at the property anyway the question of whether they should have been sent to the subject flat drops aways as an issue entirely.

25. The only remaining question is simply whether the demands and summaries of rights and obligations were sent when Ms Lisibach says they were. On the balance of the evidence before us, we prefer the evidence of Ms Lisibach – which we felt was candid and straightforward – and we therefore find that the demands were sent in October 2023 alongside the necessary summary of rights and responsibilities.

26. There is, however, one issue with this. Section 20B of the Landlord and Tenant Act 1985 (provided as an appendix to this decision) prevents actual service charge costs from being demanded more than 18 months after they are incurred.

27. This might pose a serious issue in terms of payability, however all bar one of the costs demanded in relation to periods more than 18 months before October 2023 – the date the demands were sent – were estimated service charge costs. Estimated service charge costs are not subject to Section 20B of the Landlord and Tenant Act, and therefore are not required to be demanded within 18 months.

28. The exception to this is the "Excess Service Charge for the Period 1st April 2021 – 31st March 2022" of £109.23 levied on 17 November 2022 (at page 66 of the bundle). October 2023, when the demands were sent to the respondent, is more than 18 months after any date in that period, and accordingly must have been sent too late. We were provided with no evidence a 'section 20B notice' had been served regarding any of the costs which formed the excess charge, and accordingly we find it is not payable.

29. We make no such finding regarding the "Excess Service Charge for the period 1st April 2022 – 31st March 2023". We are unaware of exactly what date in October 2023 the demands were sent, and 1 October 2023 is exactly 18 months after the beginning of the period in question. Accordingly, there is no immediate and incontrovertible reason the charges aren't payable, and we were not provided with evidence or argument from the parties to show that they were demanded too late (rather that they weren't demanded at all).

30. It is also trite to note that – whilst possible - it is overwhelmingly unlikely that the costs which give rise to that figure were all incurred in the first month of that period. Accordingly, we consider that – on the balance of probabilities – that charge is payable.

Issue 3 - Was the respondent sent the service charge accounts on request?

31. This issue might well have been left out of our written decision, as it is not relevant to anything we have to consider. The Tribunal's role in this matter is to determine whether the service charges challenged are reasonable and payable, not to adjudicate on whether accounts were provided on request. Accordingly we make no finding either way on this issue.

32. However, we do include reference to it in our reasons – firstly as the parties raised it as an area of dispute; but secondly as it provides a

convenient vehicle for us to discuss what, really, was the main thrust of the respondent's challenge.

33. That main thrust is the respondent's counterclaim (which is not a matter for us) and his generalised dissatisfaction with the conduct of the applicant both in relation to their management of the building (and treatment of him as part of that) – and in these proceedings. But very little of that has any bearing on what we are to determine. It may be that the County Court considers it relevant to other matters, however our role is simply to consider the reasonableness and theoretical payability of the service and administration charges demanded. That is all we can do, and is indeed all we have done.

Issue 4 - Are charges relating to costs and interest payable and reasonable

34. Clause 2.4 of the lease for the subject property provides that interest is payable on any "rent, Service Charge, or any other sum due from the Tenant to the Landlord under the terms of this Lease paid more than fourteen days after the date on which it falls due".

35. There is no mechanism in the lease as to how that interest is to be arrived at.

36. Apparently pursuant to that clause, the applicant had charged the respondent £1,184.20 on 29 May 2024. We were told in the evidence of Ms Lisibach that this was simply a flat 5% of the amount owing at that time, which indeed it appears to be from the statement of account provided. The respondent felt that this was unreasonable, particularly as he averred he had not received the demands sent to him.

37. In addition, the applicant had charged the respondent an administration fee of £100 for instructing solicitors in this matter, and a £10 administration fee for handling a payment of £1. As regards those charges, this is a straightforward matter we will deal with directly here.

38. The respondent's challenge to the £100 and £10 administration charges was vague, and on the basis – essentially – that they were not fair. In terms of payability under the lease, however, no proper argument was advanced as to how they might not be payable; and we do not consider they are unreasonable in amount. The applicant averred that they were payable, and referred us to Paragraph 17 of Part 2 of Schedule 7 to the lease, which includes reference to "paying the reasonable and proper fees and disbursements of any managing agent appointed by the landlord".

39. What is more, we do not agree that they are unfair charges. Charges of £100 for the administration involved in instructing solicitors to pursue

service charge arrears, and of £10 for the time in dealing with a payment of £1, appear to us to be entirely reasonable.

40. We therefore find that the administration charges of £100 demanded on 29 May 2024 and of £10 demanded on 11 November 2019 are reasonable and payable.

The tribunal's decision concerning the interest charge

41. The interest charge is a more significant issue between the parties, and one which we must therefore cover in detail. However, in truth, the answer to the question "is this charge reasonable and payable" is simply that it isn't. It is certainly the case that the lease provides for interest to be charged, but – for some reason best known to its drafter – provides no mechanism for that interest to be arrived at. It is our view that that clearly leaves the charging of interest open to the applicant, but any such interest must be calculated in a reasonable and typical manner.

42. Simply charging 5% of an outstanding balance at the apparent whim of the applicant's managing agents (and we were grateful for Ms Lisibach's evidence regarding this) is simply not a sensible way of calculating interest. We do not think anyone entering into the subject lease would consider that an obligation to pay interest on late payments meant that a flat charge of 5% would be applied to their outstanding balance the moment it was overdue.

43. Simply put, the way that the payment of interest 'works' as a concept is a matter of common knowledge, and it doesn't work like that. If it was intended that interest be calculated in a non-standard way, then the lease would need to say that – but it is instead entirely silent on the topic.

44. We were told by counsel for the applicant, and it was the best she could have done, that the judicial interest rate on judgement debts is currently 8%, and that 5% was therefore favourable. However, this omits consideration of the fact that the judicial interest rate is 8% per annum, rather than 5% as a flat charge. It is not that 5% as a flat charge is a lower rate than 8% per annum, it is a completely different one and cannot be accurately compared.

45. In addition, it is unclear how such an approach might work in practice in the context of the lease. Might it compound every 14 days in line with clause 2.4 of the lease (quoted above)? If that were the case it would be equivalent to approximately 256% per annum. If not, when can the applicant charge such flat-rate interest again?

46. Accordingly, we do not think that the interest charged of the respondent is reasonable. Nor, either, do we think it is payable when charged as a flat

rate like this, as it is not what the parties to the lease would expect from its contents and it isn't even clear how it might function.

47. Were it the case that the applicant had applied an excessive interest rate per annum, we might have jurisdiction to reduce that interest rate to a reasonable figure. However, in this case the entire charging mechanism itself is, in our view, defective and unreasonable. We cannot create charging mechanisms for the parties to leases, and accordingly we find that the interest is not payable as it is not reasonable and not payable in the manner in which it has been demanded.

48. We note for completeness that the respondent's submissions concerning his not receiving the demands falls away, as we have found above that they were sent to him in October 2023.

Issue 5 - Is the applicant's proportion of the total service charge .77% or .932%?

49. The respondent contested the apportionment of the service charge, and said some form of investigation had been carried out by the tenant's association which showed it was wrong. An extra building had been built a number of years ago, which should have reduced the respondent's percentage share of the costs (as there are more properties present now).

50. In response, the applicant said – through the witness evidence of Ms Lisibach – that the 'new' building was separate from the subject property and was not part of the same service charge regime. That being said, there were some over-arching costs across the buildings – which were first split as an overall cost between the buildings before then being apportioned under their respective service charge regimes. The new building therefore did not have an effect on the percentage apportionment within the subject's service charge regime.

51. The correct charge, the applicant averred, was 0.932% - following a Tribunal decision some years ago (which was not evidenced by either party). However, there had been an error, and the respondent was in fact being charged interim service charge amounts at 0.932%, but then end of year adjustments at a 0.77% figure. This, they believed, was in the respondent's favour.

The tribunal's decision concerning issue 5

52. We determine that the apportionment applicable to the subject property is 0.932%. We considered the evidence of Ms Lisibach was compelling, and no real challenge had been advanced by the respondent except for generalised complaints and concerns.

53. However, due to our disallowing the end of year excess charge for the 2021-22 service charge year (as detailed above), the error made in providing end of year adjustments at 0.77% rather than 0.932% was not in the respondent's favour. Instead, the end of year excess/surplus service charge amounts provided give a balance in the respondent's favour of £64.91. The respondent has therefore been under-credited, and is due another £13.63, being an additional 21% (this being the difference between .932% and .77%).

Issue 6 - Whether the charges for fire doors, lifts and an excess service charge in September 2023 are reasonable and payable

54. The respondent had challenged these three 'items'; but in fact two of them fall away immediately. The charge for the fire doors has been conceded by the applicant as not being payable, and the "excess service charge" is not of itself an item of service charge expenditure that might be challenged – it is an amount of money demanded as a result of the claimed service charge expenditure on other matters.

55. This leaves purely the lifts for us to consider. Works had been carried out to the lifts at the property. The applicant averred this was routine maintenance, however the respondent had advanced the sums weren't payable under the Building Safety Act 2022.

56. We were told by Ms Lisibach that the works carried out were regular lift works, and there was no challenge to that from the respondent – who himself said they were costs concerned with upgrading the mechanism of the lifts. We asked the respondent to explain his point concerning the Building Safety Act, and were met with some very confusing submissions concerning the landlord needing to provide certificates of safety and other such things; but none of that appeared to be relevant to whether the landlord was prevented from charging for the lift works or not.

57. We don't understand the relevance of the Building Safety Act to the lift costs, and when we asked – directly – whether the respondent was saying the costs weren't payable as a result of the building safety act he appeared to us to avoid answering our question and instead went into discussing the conduct of the landlord.

58. Accordingly, we find that the recovery of the lift costs is not restricted by the Building Safety Act 2022, and that the costs are reasonable and payable by the respondent.

Issue 7 - Whether the landlord had complied with Section 20 consultation requirements as regards items over £250

59. This matter can be disposed of immediately. The respondent's challenge was simply that he thought there might be items which required a

Section 20 (of the Landlord and Tenant Act 1985) consultation be carried out which hadn't taken place, which he might not know about due to a purported lack of transparency. The applicant said that any works that required a Section 20 consultation had been consulted on, and provided documents in the bundle from such consultations.

60. This simply doesn't get off the ground as a challenge by the respondent. Supposing that there might be some un-named items which weren't consulted on properly is obviously not a fully-formed challenge, and is therefore incapable of raising a prima facie case of un-payability.

The next steps

61. As indicated in the Tribunal's directions, our decision concerns purely the reasonableness and payability of the service charges and administration charges demanded. We make no finding in relation to the counterclaim, the respondent's claim for set-off nor the additional costs claimed by the applicant regarding statutory interest, "contractual costs as at the date of issue" and fixed costs for issuing proceedings in the County Court.

62. This matter shall now be returned to the Edmonton County Court for determination in light of the Tribunal's decisions above concerning the reasonableness and payability of the service and administration charges demanded.

Name: Mr O Dowty MRICS **Date:** 11 August 2025

Appendix – Section 20B Ladlord and Tenant Act 1985

20B.— Limitation of service charges: time limit on making demands.

(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.

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 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

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).