



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

Case Reference : **MAN/00EJ/LAC/2024/0006**

Properties : **20 Ennerdale Grove, Bishop Auckland**

Applicant : **Nigel Murray**

Respondent : **Simarc Property Management Limited**

Landlord : **Bushcharm Limited**

Type of Application : **Liability to pay an administration charge:
Schedule 11, Commonhold and Leasehold Reform
Act 2002**

Tribunal Members : **A M Davies, LLB
H Thomas, FRICS**

Date of Directions : **20 August 2025**

ORDER

The Applicant is not liable to pay any administration charge to the Respondent.

REASONS

1. The Applicant has applied to the Tribunal for a determination as to whether administration charges are payable to the Respondent following late payment of ground rent. He has also applied under section 20C of the Landlord and Tenant Act 1985 (“the 1985 Act”) for an order that the Respondent’s costs of this application may not be added to his service charge.

THE LAW

2. Paragraph 1 of Schedule 11 to the Commonhold and leasehold Reform Act 2002 (“the 2002 Act”) provides as follows:

(1) *In this Part of this Schedule “administration charge” means an amount payable by a tenant of a dwelling as part of or in addition to the rent which is payable, directly or indirectly –*

.....

(c) in respect of a failure by the tenant to make a payment by the due date to the landlord or a person who is a party to his lease otherwise than as landlord or tenant, or

(d) in connection with a breach (or alleged breach) of a covenant or condition in his lease.

....

(2) *In this Part of this Schedule “variable administration charge” means an administration charge payable by a tenant which is neither –*

(a) specified in his lease, nor

(b) calculated in accordance with a formula specified in his lease.”

3. Paragraph 3(1) of the Schedule provides:

“(1) Any party to a lease of a dwelling may apply to [the tribunal] for an order varying the lease in such manner as is specified in the application on the grounds that –

(a) any administration charge specified in the lease is unreasonable, or

(b) any formula specified in the lease in accordance with which any administration charge is calculated is unreasonable.”

4. Paragraph 4(1) of the Schedule provides that a demand for the payment of an administration charge must be accompanied by a summary of the rights and obligations of tenants in relation to administration charges.

5. Section 166 of the 2002 Act specifies how a ground rent may be demanded, in the following terms:

“(1) A tenant under a long lease of a dwelling is not liable to make a payment of rent under the lease unless the landlord has given him a notice relating to

the payment; and the date on which he is liable to make the payment is that specified in the notice.

(2) *The notice must specify –*

(a) the amount of the payment,

(b) the date on which the tenant is liable to make it, and

(c) if different from that date, the date on which he would have been liable to make it in accordance with the lease

and shall contain any such further information as may be prescribed.

.....

(5) *The notice –*

(a) must be in the prescribed form, and

(b) may be sent by post

(6) *If the notice is sent by post, it must be addressed to a tenant at the dwelling unless he has notified the landlord in writing of a different address in England and Wales at which he wishes to be given notices under this section (in which case it must be addressed to him there)”*

Section 166 also provides that the tenant must be given not less than 30 days and not more than 60 days’ notice that the rent is due.

THE LEASE

6. The Applicant asks the Tribunal to determine whether his lease is the lease of 20 Ennerdale Grove (then known as site 289) dated 10 October 1972 (“the 1972 lease”), or a renewal lease dated 27 March 2006 (“the 2006 lease”) which incorporated the terms of the 1972 lease save as to the ground rent but created a new term of 99 years from 27 March 2006.
7. The 1972 lease reserved an annual ground rent of one peppercorn until a dwelling was built on site 289 or the second anniversary of the lease if sooner and thereafter £15 payable throughout the 99 year term. The 2006 lease reserved an annual ground rent of £250, to be paid in arrears and with a provision for upwards-only adjustment in line with RPI for the first 5 years of the new 99 year term. It is common ground that for the year to 1 September 2023 the ground rent was £378.52. Each of the leases provided that the ground rent was to be paid on 1st September each year.

8. Doubt over the 2006 lease has arisen due to the extraordinary fact that the Applicant bought the leasehold interest in 20 Ennerdale Grove on 24 March 2006, but the 2006 lease is executed by the previous owners of the property and is dated 3 days after they had transferred their leasehold interest to the Applicant. The Applicant did not execute the 2006 lease but his solicitors subsequently applied to the Land Registry for registration of the Applicant as the proprietor of the 2006 lease. The circumstances surrounding this arrangement are not available to the Tribunal. There must be a question as to whether the previous owners of the property were in a position to surrender “*all [their] estate and interest and rights in the [1972] Lease*” on 27 March 2006, but subsequent unopposed registration of the Applicant as proprietor of the 2006 lease may be considered conclusive.
9. Nevertheless, this is an issue which the Tribunal is not called upon to determine, since neither the 1972 lease nor the 2006 lease provide for the payment of administration charges by the leaseholder.

THE RESPONDENT’S CASE

10. The Respondent says that the amount claimed from the Applicant is £162 as damages for late payment of rent in 2023.
11. The ground rent due on 1 September 2023 was demanded by notice dated 23 July 2023, and includes the words “*Please note that failure to settle your account constitutes a breach in the terms of the lease between yourselves as Leaseholder and our client the Freeholder. In this event interest will be added to the account if permitted by the lease. In addition further processing and administration costs may be incurred for which you will be liable.*”
12. When the Applicant did not pay the rent, reminders were sent on 15 September, 30 September, 15 October and 15 November 2023. On 30 September 2023 the Applicant was informed that “ground rent collection costs” of £186 had been added to the sum due making a total of £564.52.
13. The Respondent accepts that the Applicant paid the ground rent by cheque in December 2023, but his cheque was destroyed because the Applicant had not also paid the £186 costs.

14. The Respondent also accepts that neither lease enables it to recover administration charges from the Applicant. It calls the sums demanded of him and recovered from his mortgagee (see below) in addition to ground rent “damages”, although there has been no finding or agreement as to what damages – in point of fact, legal costs of recovery of a debt – have (a) been suffered and (b) may be recoverable.

THE APPLICANT’S CASE

15. The Applicant says that he eventually obtained the Respondent’s bank details and in August 2024 he was able to pay the ground rent by money transfer for the 2 years ending 1 September 2023 and 1 September 2024.

16. The Applicant has produced to the Tribunal a screenshot of his online account with the Respondent taken on 31 July 2025. This shows the sum of £1303.56 being due, made up as follows:

Ground rent due as at 1 September 2025 - £1135.56 (ie 3 years’ ground rent)

Land registry charge	6.00
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Ground rent collection, mortgage file	<u>324.00</u>
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1465.56

Less fee adjustment	<u>162.00</u>
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Total payable	1303.56
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This statement suggests that the Applicant’s payment in August 2024 has not been recorded on his statement of account, and that the Respondent seeks £168 (not £162 as stated to the Tribunal) in respect of costs.

17. The Applicant says that he has doubts about the validity of the 2006 lease, and therefore the amount of ground rent demanded by the Respondent. He asks the Tribunal to make a determination as to the leases and says that until he has it he will withhold the rent due on 1 September 2025.

18. The Applicant also says (1) that he requires a breakdown of the sum of £1400.19 which the Respondent recovered directly from his mortgagee on 30 May 2023, and (2) that the demands for ground rent were invalid as they were sent to an incorrect email address.

CONCLUSION

19. The Tribunal is created by statute, and its powers are limited to those set out in the various Acts of Parliament giving it jurisdiction. It has no general right to determine legal points, in the way that the County Courts or High Court can.
20. Limited, therefore, by the wording of Schedule 11 to the 2002 Act, the Tribunal confirms that no administration charges are payable by the Applicant under the terms of his lease. No finding is made as to the validity of the 2006 lease and consequently the amount of ground rent due from the Applicant. No finding is made as to whether the ground rent notices of payment were properly served pursuant to subsections 166(5) and (6) of the 2002 Act. Finally, no finding is made as to whether costs of recovery of a debt can properly be recovered as damages without recourse to law. All these would be County Court matters.
21. Since it would have been a simple matter for the Respondent to reassure the Applicant that no administration fees are recoverable under the terms of the lease, the Tribunal orders that pursuant to section 20C the Respondent's costs of this application may not be recovered from the Applicant through his service charges.