FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Case reference	**:**	**LON/00AE/LAC/2025/0609**
Property	**:**	**Flat 28, Warwick Lodge, Shoot Up Hill, London, NW2 3PE**
Applicant	**:**	**Heriotts Residential No.2 LLP**
Representative	**:**	**Richard Manton (Manager)**
Respondent	**:**	**Lindmead Properties Limited**
Representative	**:**	**Geoffrey Gay (Director)**
Type of application	**:**	**For the determination of the liability to pay service charges under section 27A of the Landlord and Tenant Act 1985**
Tribunal members	**:**	**Judge Robert Latham** **Stephen Mason FRICS**
Date and Venue of Hearing	**:**	**24 October 2025 at 10 Alfred Place, London WC1E 7LR**
Date of decision	**:**	**27 October 2025**

DECISION

Decisions of the Tribunal

(1) The Tribunal determines that administration charges of £120 are payable.

(2) The Tribunal orders the Respondent to pay the Applicant £200 in respect of the tribunal fees that it has paid.

(3) The Tribunal also makes an order under paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002 restricting the Respondent from passing on any of its costs in respect of this application to the Applicant.

The Application

1. By an application dated 1 May 2025, the Applicant seeks a determination under Schedule 11 to the Commonhold and Leasehold Reform Act 2002 as to whether administration charges are payable. It also seeks an order to reduce or extinguish the tenant's liability to pay an administration charge in respect of litigation costs, under paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002. The Applicant requested an oral hearing.

2. The Applicant challenges the following administration charges which total £1,066.50:

   (i) £120 charged to its account on 15 July 2024;

   (ii) £300 and legal fees of £594 charged to its account on 18 October 2024;

   (iii) £52.50 charged to its account on 15 July 2024.

3. On 2 July 2025, the Tribunal gave Directions pursuant to which the parties have filed a Bundle of Documents of 220 pages to which reference will be made in this decision. This includes the Applicant's Account Statement (at p.70-71) and a Scott Schedule (p.204-208).

The Hearing

4. The Applicant was represented by Mr Richard Manton, its manager. He was accompanied by Mr L Portnoi, a partner in the Applicant limited liability partnership. The Respondent was represented by Mr Geoffrey Gay, a director in the freehold company. Both parties provided written statements which summarised their submissions. The parties agreed that the only issue was the reasonableness of the sums which had been demanded. There was no issue as to liability to pay.

5. Mr Manton stated that the Applicant has a multi-million pound property portfolio of flats in London. It has never previously had any service charge dispute. It had acquired its leasehold interest in the flat in 2017. All payments were made in full until January 2023, when opaque ad hoc charges stared to be demanded. The application form includes a detailed Chronology setting out why the Applicant contends that the administration charges are not payable. Two issues are raised: (i) the

Applicant was withholding payments because it had legitimate concerns about how the service charge account was being operated; and (ii) On 31 July 2024, the Respondent agreed to clear the arrears by 19 August. The arrears were cleared on this date.

6. Mr Gay's complaint was that by 5 July 2024, the Applicant's arrears had grown to £6,024.10. The Applicant would not have cleared the arrears had it not put the matter in the hands of solicitors.

7. The Respondent acquired the freehold interest in March 2024. It employs Carringtons Property Management ("Carringtons") as managing agents. Michael Carrington & Associates Ltd ("Carrington Associates") had previously owned the freehold. The Directions required the Respondent to disclose all demands for payment in respect of the administration charge. However, the three demands disclosed had all been issued by Carringtons to Carrington Associates, namely demands for £120, dated 15 July 2024 (at p.197); £300, dated 8 August 2024 (at p.198) and £52.50, dated 19 November 2024 (at p.197). Mr Gay described Carringtons as "dozy".

<u>The Lease</u>

8. The lease, dated 24 October 1989 is at p.21-53. The Respondent relies upon Clause 2(5)(a) as providing the contractual right to demand the service charges in respect of the arrears of service charges, namely costs and expenses incidental to the preparation and service of a notice under section 146 of the Law and Property Act 1925. This is accepted by the Applicant.

9. By Clause 6(a), the Lessee covenants to pay a service charge. The financial year runs from 25 March to 24 March. An interim service charge is payable on the usual quarter days (25 March, 24 June, 29 September and 25 December) in respect of a "fair and reasonable" assessment of the likely expenditure in a budget for the year. The amount of the actual service charge is to be determined as soon as practicable after the end of the financial year and is to be certified by the lessor's auditors, accountants or managing agents. Upon being furnished with the Certificate, the lessee is obliged to pay any shortfall and is entitled to a repayment of any overpayment.

10. The lease therefore requires the Lessor to prepare a budget for the year which includes all items of likely expenditure. It does not permit the landlord to make "ad hoc" demands for additional items of expenditure not included in the budget. An adjustment is to be made for such expenditure at the end of the financial year.

The Background

11. The Tribunal is satisfied that the starting point for its determination is the Applicant's Account Statement (at p.70-71). It is apparent that the entries reflect the date on which any sum is demanded, rather than the date on which payment is due. Thus, on 18 October 2024, a number of items totalling £2,810.36 were debited to the Applicant's account. However, the demand (at p.70) shows that these sums were only payable on 17 November 2024. Mr Manton added that Carrington's often made retrospective changes to the Applicant's account.

12. The Applicant paid the sums demanded up to January 2023. Problems arose on 30 January 2023 when Carringtons demanded ad hoc payments of £758.65 for insurance (at p.77). On 22 June 2023 (at p.93), Carringtons issued a demand for the interim service charge due for the period 24 June to 28 September 2023). However, this also included ad hoc demands for lift, plumbing and roof repairs totalling £465.98. The Applicant was also concerned as to how Carringtons were apportioning sums paid between the ground rent (£75 per annum) and service charges. The Applicant has provided copies of emails passing between Mr Manton and Carringtons. We accept Mr Manton's evidence that Carringtons were slow in responding to the queries that were raised, and that when responses were received, these were incomplete.

13. On 5 July 2024 (at p.107), matters were brought to a head when Carringtons wrote in respect of the outstanding arrears of £6,024.10. The Applicant was warned that if the arrears were not cleared within 7 days, Carringtons would need to progress the recovery of the arrears and an administration charge of £120 would be payable. On 15 July, Carringtons debited this administration charge to the Applicant's account. However, no demand for this sum was issued. Indeed, this debit was cancelled on 18 August 2024. The only demand in the bundle is that issued by Carringtons to Carrington Associates (at p.197).

14. On receipt of this letter, Mr Manton telephoned Carrington's Senior Credit Controller, Leonie Butler, and informed her that the Applicant was seeking to sell the flat. If a sale proceeded, the Applicant recognised that it would need to discharge all outstanding demands for service charges, even those which were disputed.

15. On 16 July 2024, Mr Manton again telephoned Ms Butler. As the sale had not progressed, the Applicant agreed to pay £1,000 as a gesture of goodwill. This sum was sent on the same day. An email (at p.109) confirms this conversation.

16. On 31 July 2024, Mr Manton had a further telephone conversation with Ms Butler. He disputed the administration fee of £120. However, as the intended sale was proceeding more slowly than expected, the Applicant was willing to clear the full arrears, However, these could not be paid

until w/c 19 August when the payment could be authorised by the relevantauthorised signatory who was currently on holiday until 19 August. An email (at p.111) confirms this conversation. On 19 August 2024, the Applicant made a payment of £5,024.10 clearing the arrears. On 19 August (p.119), Mr Manton confirmed that this payment had been made.

17. Despite this conversation, on 8 August 2024, Carringtons debited a further administration charge of £300 to the Applicant's account. On 18 August, this debit was cancelled. On 18 October, it was reinstated. Again, no demand for this sum was issued. The only demand in the bundle is that issued by Carringtons to Carrington Associates (at p.198).

18. Further, despite this conversation, Carringtons escalated this debt to solicitors. On 12 August 2024 (at p.114), Lazarev Cleaver wrote to the Applicant concerning the outstanding arrears of £5,444.10. On 20 August, Mr Manton responded to the Solicitors stating that the arrears had been cleared. He did not know why the letter had been written as Carringtons were aware that the arrears were to be cleared.

19. On 18 October 2024 (at p.60), the Respondent first made a lawful demand for the first three administration charges which are in dispute, namely the sums of £120, £300 and £594.00. This is the date on which these three sums were again debited to the Applicant's account. Albeit that the demand stated that payment was not due until 17 November 2024.

20. On 19 November 2024, Carringtons debited a further sum of £52.50 described as "Solicitors case resolved: Additional time spent reinstating the account". The Bundle does not include any lawful demand for this sum. The only demand in the Bundle is that issued by Carringtons to Carrington Associates (at p.199).

21. Thereafter, there was extensive correspondence between Mr Manton and Carringtons over the Applicant's liability to pay the administration charges in dispute. It is not necessary for the Tribunal to address this. The time engaged by both parties has been disproportionate to the sums in dispute. Mr Manton has seen this dispute as one of principle. However, he stated that other tenants in this block of 49 flats are concerned at how the service charge account has been operated. These wider concerns are not before this Tribunal.

<u>The Tribunal's Determination</u>

22. The Tribunal shares Mr Gay's concern that on 5 July 2024, there were arrears of service charges of £6,024.10. The Applicant had legitimate concerns about the ad hoc charges which had been demanded. However, this was no excuse for not paying the interim service charges which had

been demanded. On 5 July 2024, Carringtons warned the Applicant that an administration charge of £120 (inc VAT) would be levied if the arrears were not cleared within 7 days. The arrears were not cleared. We are satisfied that this charge of £120 is a modest sum for the additional work in chasing up the arrears over a period of 18 months. We are satisfied that it is reasonable and payable.

23. However, on 31 July 2024, Mr Manton made an offer to clear the arrears in the w/c 19 August. We are not satisfied that Ms Butler accepted this offer as Mr Manton sought to suggest. However, we are satisfied that this proposal was made. The Respondent had no reason to believe that this proposal would not be honoured.

24. In these circumstances, we do not consider that the Respondent was justified in either levying a further administration charge of £300 on 8 August or escalating it to solicitors.

25. The Tribunal therefore finds that the administration charge of £120 is payable, but disallows the further charges.

Further Orders

26. The Applicant has paid tribunal fees of £300. It has been largely successful, in that the administration charges payable have been reduced from £1,066.50 to £120. However, we also take into account the size of arrears which had accrued by July 2024. We therefore order the Respondent to refund to the Applicant 67% of the tribunal fees that it has paid, namely £200.

27. In its application form, the Applicant also seeks an order under paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002 restricting the Respondent from passing on any of its costs in respect of this application to the Applicant. We are satisfied that it is appropriate to make such an order.

Judge Robert Latham
27 October 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).