FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Case reference	**:**	**LON/00BG/LSC/2024/0085**
Property	**:**	**Flat 63, 1 Forge Square, London E14 3GU**
Applicant	**:**	**Mr M Mehmi**
Representative	**:**	**In person**
Respondent	**:**	**Vendereso Corporation Ltd**
Representative	**:**	**Mr Fuller of counsel**
Type of application	**:**	**For the determination of the liability to pay service charges**
Tribunal members	**:**	**Judge Prof R Percival** **Ms S Coughlin MCIEH**
Venue and date of hearing	**:**	**10 Alfred Place, London WC1E 7LR** **2 July 2025**
Date of decision	**:**	**6 October 2025**

DECISION

Decisions of the tribunal

(1) The Tribunal determines that the contested estimated service charges for 2024 and the first six months of 2025 were reasonably payable.

(2) The Tribunal orders under section 20C of the 1985 Act that the costs incurred by the Respondent in proceedings before the Tribunal are not to be taken into account in determining the amount of any service the charge payable by the Applicant.

(3) The Tribunal orders under Commonhold and Leasehold Reform Act 2002, schedule 11, paragraph 5A that any liability of the Applicant to pay litigation costs as defined in that paragraph be extinguished.

The application

1. The Applicant seeks a determination pursuant to s.27A of the Landlord and Tenant Act 1985 ("the 1985 Act") as to the amount of estimated service charges payable by the Applicant in respect of the service charge year 2024 and the first half of 2025.

2. The progress of the application was slowed by the initial mis-identification, and subsequent barring for non-participation, of the landlord. The current landlord was substituted in March 2025, and further directions issued.

3. Copies of the legislation referred to in this decision and other sources of free legal information are set out in the appendix to this decision.

The background

4. The property is a one bedroom flat in a purpose-built block. The block (block A for service charge purposes) is one of three blocks on a recently developed site on the Isle of Dogs, consisting in total of 63 flats, with some limited commercial use.

The lease

5. The Applicant holds a long lease of the property. The lease is dated July 2013 for a term of 999 years.

6. The lease provides for three service charges. The definition clause (1.1) defines each in the same terms:

> "'Estimated Service Charge for [the specified service charge]' for the first full Accounting Year and for the next and each subsequent Accounting Year such sum as shall be certified in

> accordance with clause 7.12 as being a reasonable estimate of the expenditure likely to be incurred by the Landlord by way of Service Charge for [the specified service charge] during such Accounting Year SAVE THAT in the first year of the Term it shall be an estimate only and shall not be required to be so certified".

7. Clause 7 contains landlord's covenants. It makes provision for an estimated charge to be made each accounting year (the calendar year), to be paid in two equal instalments on 1 January and 1 July.

8. By clause 7.12(A), the landlord covenants

> "as soon as reasonably practicable after the expiry of each Accounting Year commencing with the Accounting Year now current there shall be prepared and submitted to the Tenant a written summary (the "Statement") setting out the Service Charge Proportion, the Insurance Premium Proportion, the Service Charge for Residential Common Parts, the Service Charge for External Common Parts, the Structural Service Charge for that Accounting Year. The Statement will be certified by a qualified chartered accountant as being in his opinion a fair summary and sufficiently supported by the accounts receipts and other documents produced to him. In addition and on the basis of the Statement and after taking into consideration all other factors considered relevant, the Landlord will procure that the Superior Landlord will certify the estimated amount payable"

The hearing

Introductory

9. Mr Mehmi represented himself. Mr Fuller of counsel represented the Respondent. Mr Eghobmien, asset manager with the Respondent, attended, as did Ms Sempear of Mayfords Estate Agents, the Respondent's managing agents.

The hearing

10. Mr Mehmi put his argument under three headings. The first and principal was that the increase in the estimated service charge for 2024 and 2025 was on its face excessive. The second was that there had been a consistent failure of transparency on behalf of the Respondent, through their managing agents, Mayfords. The third was that there had been a failure to certify the estimated service charge. Although these were identified as distinct issues, Mr Mehmi made general submissions from which he effectively invited us to draw conclusions in relation to each.

11. The primary contention, upon which Mr Mehmi concentrated in his oral submissions, was that the increase between the estimated service charge for 2023 and those for 2024 and 2025 was on its face excessive. The estimated service charge for 2023 had been £1,848. That for 2024 was £3,534 for the year, and that for the first six-month payment period of 2025 was £1,767. The former was an increase of 91% over one year, Mr Mehmi argued.

12. Mr Mehmi went into some considerable detail setting out the indeterminacy of the Respondent's figures for budgets and estimates. We do not consider it necessary to set out his submissions in great detail. It suffices to say at this point that a number of sets of (often confusingly named) estimated budgets and service charge accounts existed, and it was difficult to reconcile them. Of particular importance was that there were two versions of the account of actual expenditure in 2023 available to the Tribunal. The 2023 actual expenditure account was the base point for the estimates for 2024 and the first six months of 2025, which were those contested by the Applicant. One was contained in the main bundle, and showed a final cost referable to service charges for the block of £127,116. The second was contained in a document provided by the Respondent, which had been erroneously emailed to the Tribunal rather than the Applicant, albeit copied to the Applicant. That provided a total of £125,898. This was made available to the Tribunal at the hearing.

13. Mr Mehmi explained that he was himself an analyst at a bank by profession, and had insights into the presentation of accounts. He noted that the accounts or some of them, were prepared on Excel spreadsheets, which was no longer standard for professional accountants, and that details of invoices and costs had been cut and pasted manually into the spreadsheets, a practice that meant that he could not interrogate the origins of the figures in respect of those accounts.

14. Mr Fuller explained that the Respondent had had serious problems with the accountants that it had engaged. In Mr Fuller's words, the accountants had eventually "gone AWOL", and had been reported by the Respondent to the relevant regulator. The Respondent had now engaged new accountants. The actual expenditure upon which they relied (the first referred to above) was prepared by the managing agents, Mayfords, using modern accountancy software (Xero), not cut and pasted entries in an Excel spreadsheet, unlike the second mentioned account.

15. At this point in his submissions, Mr Mehmi sought to criticise the accuracy of specific invoices that had been provided to him, to undermine the legitimacy of the actual expenditure figure for 2023, which in turn informed the estimated charges for 2024 and 2025 which he challenged.

16. Mr Fuller objected to this line of argument. It was not something that had been prefigured in the Scott schedule or in Mr Mehmi's witness

statement. The case pleaded by Mr Mehmi was that the increase had been on its face excessive and therefore unreasonable. There had been no attack on specific lines of expenditure in respect of the actual expenditure for 2023. If we were to countenance this argument, Mr Fuller submitted, we should either adjourn for the preparation of another Scott schedule detailing the specific challenges to lines of expenditure (which he suggested would be disproportionate), or not allow Mr Mehmi to make the argument.

17. Mr Mehmi argued that he had called for a justification from the Respondents of the 2023 actual expenditure, that justification had been given to him in the form of access to a large number of invoices (in, it appeared, November 2024), and now he was challenging that justification.

18. We agreed with Mr Fuller that Mr Mehmi had not given any warning of a challenge to individual items of expenditure with reference to the invoices, and that Mr Fuller was accordingly not in a position to counter the challenge. Mr Mehmi could and should have given due warning. As it was, the Respondent was effectively being ambushed by these points. We say that without suggesting that Mr Mehmi was deliberately behaving in an underhand or ill-motivated manner. He is a litigant in person who, we are satisfied, simply did not appreciate that he should have set out this element of his case, if he wanted to pursue it. We add, however, that as a clearly intelligent and articulate man, we would have expected Mr Mehmi to have appreciated that he had to set out up front what his specific challenges would be. In any event, it would now be unfair on the Respondent to allow Mr Mehmi to pursue these challenges in these circumstances.

19. We said, however, that it was legitimate for Mr Mehmi to challenge any element in the estimated budget as being implausible or unreasonable on its face.

20. On that basis, Mr Mehmi said that the concierge service, charged at £118,012 for the development as a whole, was on its face excessive.

21. Mr Mehmi similarly criticised the increase in the management fee shown in the account to £126,300 (which the account indicated was an increase of 129%) was also, on its face, excessive. This was particularly so, Mr Mehmi argued, given the lack of response that he had received from Mayfords in this period. He had, he said, made multiple telephone calls and emails, and had not had an adequate, or any, response.

22. Mr Mehmi also raised the issue of gas and electricity costs in 2023, which were divided into three categories. There had been no charges for these in the previous two years. Mr Fuller explained that there had been a dispute with the provider, which explained the zero figures in the previous two years, which was then resolved. He noted that there had

been a refund in one category, which was indicated on the face of the account.

23. As to certification, Mr Mehmi said that the certification required by the lease (see paragraph [8] above) had not happened since 2021. In the hearing, Mr Mehmi said that his argument was that certification was required, even if it was not required to be done before liability for service charges arose.

24. Mr Fuller's response was that the increase between the actual service charge costs in 2023 and the estimated service charge for 2024 (and, cumulatively, 2025) was 10%, not 91%. Mr Mehmi's figure comes from comparing the estimated charge for 2023 and the estimated charge for 2024. This was an inappropriate comparison. The estimated cost for 2024 was based on a moderate and prudent increase of 10% over the actual spend for 2023, he argued. It was evidently right for the Respondent to use the actual costs for the previous year as the basis for the next year's estimate, not the previous estimate.

25. Mr Fuller also noted that the (on the Respondent's case) inaccurate and lower figure for actual expenditure in 2023 (see paragraph [12] above) was the one to which the 10% increase has been applied.

26. As to Mr Mehmi's contentions as to transparency, Mr Fuller submitted that the Respondent had explained the increases in an email dated 12 February 2024. That email referred to "prevailing economic conditions, marked by significant rises in expenses", that the service charges had remained unchanged for six years, and that various maintenance works had been undertaken. It then stated that the "ageing lifts … pose a continuous challenge" and referred to repairs to the drains. The relevant block had "incurred repetitive costs due to unforeseen circumstances" including refuse strikes and pest infestations.

27. In relation to the certification of the estimated service charge, we put to Mr Fuller the question of whether we should consider Mr Mehmi's point that the lease requirement had not been performed as a challenge to the payability of the challenged service charges under the lease, on the basis that certification was a condition precedent to liability.

28. Mr Fuller argued that we should not do so. It was not how the point had been pleaded at any point by Mr Mehmi. Further, it was clear that at all points Mr Mehmi was only arguing reasonableness of amount of the service charge, not that it was not payable. Mr Fuller drew our attention, as an example of this, to the application form, in which Mr Mehmi expressly states that he has "no issue" with the sequence of estimated service charges before 2024. If he was making the point that the Tribunal was suggesting, he would have the same issue with each of the uncertified estimates from 2021.

29. We drew Mr Fuller's attention to a passage in Mr Mehmi's witness statement at paragraph 36, which reads "[n]o service charges on account are reasonable if they have not been certified by a qualified chartered accountant." Mr Fuller argued that this passage was still couched in terms of reasonableness of amount, not payability under the lease. He also noted that the witness statement was dated 25 June 2025, the week before the Tribunal hearing, and that it therefore did not constitute reasonable notice.

30. We turn to our conclusions.

31. First, we accept Mr Fuller's submissions in respect of the core argument about the increase in estimated service charge between 2023 and 2024.

32. Mr Mehmi's insistence on the percentage increase between the estimate in one year and the estimate in another is misguided. The estimate in any one year should be based on the previous year's actual expenditure, not on what may be (and clearly was here) an inadequate previous estimate. The criticism that the Respondent is open to is that its 2023 estimate was too low, in the light of the actual expenditure during that year, not that its subsequent estimate, based on the 2023 actual expenditure, was too high.

33. We appreciate that this put Mr Mehmi in a difficult position, as it meant that, to attack the 2024 (and subsequently the 2025) estimated service charge, he had to undermine the accuracy of the 2023 actual expenditure. We could not, however, allow him to do so in the absence of any advance notice of his case to the Respondent.

34. Mr Mehmi expressly said that the Respondent's decision to increase the estimated service charge by 10% was not in itself unreasonable, but retained his insistence that the estimate to estimate figure of 91% for the increase was the relevant one. As we have indicated, we disagree.

35. There may be circumstances in which a tenant may make a prima facie case of unreasonableness only on the basis of the percentage increase from one year to another, but that does not apply in this case, where, we accept, the wrong percentage was being cited as the foundation for a finding of unreasonableness.

36. In respect of Mr Mehmi's argument about transparency, we accept that he has made out the case that the Respondent, through its managing agent, was not, at the point that the estimated service charge was made, responsive or clear in explaining the circumstances to the tenants. We do not think that the 12 February 2024 email to all leaseholders was an adequate form of engagement. It relayed a series of generalities without relating them to the actual costs incurred in the previous year in a way that would have properly informed the tenants.

37. More importantly, our investigation into the accounts/estimates etc showed that the Respondent had got itself into a chaotic position. We accept, of course, Mr Fuller's point that the reason for this was the inadequacy, and indeed, disappearance, of the accountant. Nonetheless, it put the Applicant in a very difficult position. The result was that he was effectively forced into making this application in a fog of uncertainty.

38. However, sympathetic as we are to Mr Mehmi in relation to this issue, it does not, without more, relate to our narrow jurisdiction under section 27A and section 19 of the 1985 Act to determine the reasonableness of a service charge. It would, however, have informed our consideration of the making of orders under section 20C of the 1985 Act and paragraph 5A, schedule 11 to the 2002 Act, had that been necessary (see below).

39. We turn to the issue relating to certification of the estimated service charge.

40. We are satisfied that Mr Mehmi did not raise the certification point as a point going to payability of the estimated service charge under the lease. Rather, he saw it as a breach of the Respondent's responsibilities under the lease, but did not draw the conclusion that as a matter of contract, it rendered the service charge not payable.

41. The highest point in Mr Mehmi's favour is the passage at paragraph 36 of his witness statement which we quoted above. Taken in isolation, it could be read as a somewhat loose expression of the payability point. However, we do not think that it was so intended. The immediately following sentence is "The service charge figure must be determined on accurate and relevant information: figures cannot be based on excel spreadsheets." It is under a section headed "Factual basis for this application". It then goes on to make Mr Mehmi's core point about the size of the percentage increase in the estimated service charge. It is clear from other passages in that section that Mr Mehmi was arguing that no service charge would be reasonable in amount, not that it was not payable contractually. In context, the passage from paragraph 36 is part of an argument that the whole of the service charge was unreasonable in amount because it was based on flawed information and assumptions.

42. We also note that the way that Mr Mehmi put the point orally before us was to say that certification has to happen at some point, but not necessarily before the demand was served. That itself contradicts an argument based on certification being a condition precedent.

43. We therefore accept Mr Fuller's argument that Mr Mehmi did not plead this point. This means that, if we were to deal with the question as a matter of substance, we would be doing so on the basis that it was a novel point raised by the Tribunal.

44. Mr Fuller argued that we should not do so. He relied in particular on the argument set out above that the point was not pleaded.

45. Mr Fuller did not cite the recent cases of *Sovereign Network Homes v Hakobyan and others* [2025] UKUT 115 (LC), [2025] 1 WLR 3782 and *Monier Road Limited v Blomfield and others* [2025] UKUT 157 (LC), but his argument from pleading, in our view, chimes with the approach in those cases.

46. In considering whether we should entertain a novel point, first we must be guided by the case law that it would be a rare case in which it would be "appropriate or necessary" for us to do so (Sovereign Network at paragraph [103], quoting *Birmingham City Council v Keddie* [2012] 3 EGLR 53).

47. Secondly, as put by the headnote to *Sovereign Network* in the Weekly Law Reports,

> "the circumstances in which it would be appropriate for the FTT to exercise its discretion to raise a new point of its own initiative were limited, as a general rule, to where the new point fell within the scope of the application before the FTT or (putting the matter another way) fell within the broad question before the FTT"

48. In his argument as to whether the issue was before the Tribunal, Mr Fuller effectively argued that the whole ambit of the Applicant's case was limited to reasonableness of amount, not contractual liability. He put the point as one of jurisdiction, arguing that our jurisdiction was founded on an application under section 27A, and the application was limited to a challenge to reasonableness of amount.

49. We think Mr Fuller's argument as a matter of jurisdiction goes too far, but we accept that the application was, throughout, limited to reasonableness of amount, not contractual liability. Accordingly, the condition precedent point falls outside the "scope" or "broad question" before us.

50. We accordingly decline to exercise our discretion to consider the condition precedent issue as a novel point raised by the Tribunal on its own initiative.

51. We did hear submissions from Mr Fuller subsequently on whether an estoppel by convention arose in respect of certification, based on the history of acceptance of non-certification by both parties, on the assumption that certification was indeed a condition precedent to liability. Given our conclusion above, we do not determine that issue. We observe, however, that, had we come to the conclusion that we should have exercised our discretion to take the novel point, and to have decided

it in favour of the Applicant, we would have accepted Mr Fuller's submissions on estoppel by convention.

Applications for additional orders

52. The Applicant applied for an order under section 20C of the 1985 Act that the costs of these proceedings may not be considered relevant costs for the purposes of determining a service charge; and an order under paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002 extinguishing any liability to pay an administration charge in respect of litigation cost in relation to the proceedings.

53. Mr Fuller said that the Respondent would not oppose the orders, and we accordingly make both.

Rights of appeal

54. 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 London regional office.

55. The application for permission to appeal must arrive at the office within 28 days after the Tribunal sends written reasons for the decision to the person making the application.

56. If the application is not made within the 28 day time limit, the 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 these reason(s) and decide whether to allow the application for permission to appeal to proceed despite not being within the time limit.

57. The application for permission to appeal must identify the decision of the Tribunal to which it relates, 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.

Name: Judge R Percival **Date:** 6 October 2025

APPENDIX: SOURCES FOR FREE LEGAL MATERIALS

Legislation

The legislation referred to in this decision may be found at:

https://www.legislation.gov.uk/ukpga/1985/70
https://www.legislation.gov.uk/ukpga/2002/15/contents

Case Law

The dedicated website for Upper Tribunal (UT) cases, which are binding on this Tribunal, is:

https://landschamber.decisions.tribunals.gov.uk/Aspx/Default.aspx

The search engine does not allow for free text searching. Sufficient information to use the provided search engine (such as the date of the case or the parties names) may be available via a google search.

Alternatively, the official National Archive website is at:

https://caselaw.nationalarchives.gov.uk/

This has a better search engine, but does not contain UT decisions before 2015, and there may be gaps in its provision thereafter.

The National Archive website can also be used for finding cases in higher courts, including those referred to in UT decisions.

Alternatively, many UT decisions, and most other important cases in all courts, are available on:

https://www.bailii.org/ .

Bailii stands for British and Irish Legal Information Institute. It is a charity that has published free caselaw for many years, and has in some cases loaded up earlier case law.