



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

Case reference	:	HAV/45UF/LSC/2025/0660
Property	:	Unit 107, Trivelles, Waterhall Country House, Prestwood Lane, Ifield, Crawley, West Sussex, RH11 0LA
Applicant	:	Mr Hung-Yi Tang
Representative	:	None
Respondent	:	Trivelles Waterhall Ltd
Representative	:	Mr R M Moghul Donald Fletcher Limited
Type of Application	:	Determination of liability to pay and reasonableness of service charges under section 27A of the Landlord and Tenant Act 1985.
Tribunal Member	:	Mr J G G Wilson MRICS FCI Arb
Determination on Papers :		19 November 2025
Date of Decisions	:	9 December 2025

DECISIONS

Decisions of the Tribunal

The Tribunal has determined the following:

Valid contract: the lease provisions with respect to the payment and collection of service charges are outlined in detail in this decision. Following the Supreme Court's guidance in *Arnold*, the Tribunal has no difficulty to determine to interpret the lease to provide a valid contract between the respondent/lessor and the applicant/lessee.

Contractual machinery for the payment of service charges: the lease provides the contractual machinery for the provision of services and for the payment of those services through the service charges. The service charges are contractually recoverable under the lease.

The appointments of Donald Fletcher Ltd and Large Hospitality Ltd and the company's name change: the two copy agreements provided are compatible with Part 2(b)(i) of schedule 7 of the lease with respect to the employment of managing agents by the Lessor. Donald Fletcher Ltd in conjunction with Large Hospitality Ltd have the authority to manage and to collect service charges at the Building. As the Respondent says, there is no provision in the lease for the lessee's consent to such an appointment. A party's name change to a contract does not, by itself, invalidate a contract, as the legal entity, rights and obligations remain the same.

Identification errors: In the absence of any challenge from the Applicant to the service charge invoices, corresponding budgeted-service charge certificates and ground rent notices for 2022, 2023 and 2024 provided by the Respondent in their bundle both with respect to their validity and their accuracy, the Tribunal is satisfied the demands have been given in accordance with the terms of the lease.

Disclosure, Transparency and failure to provide information: taking into consideration the volume of paperwork associated with each year's service charge accounts and the Tribunal's overriding objective to deal with cases fairly and justly, the Tribunal is satisfied the information provided by the Respondent is proportionate to the importance of the case and has met the complexity of the issues.

Reasonableness: the Tribunal determines the service charge demands for the years 2022 – 2025 with respect to the property issued by Donald Fletcher Ltd are valid. The sums are reasonable under section 19 of the 1985 Act and are to be paid by the Applicant. The Respondent has confirmed the current arrears to be £18,443.56. The Applicant is required to pay the arrears, together with ongoing service charges and Insurance Rent.

Costs:

The Tribunal accepts the Applicant's section 20C application and declines to make an order for costs.

The Tribunal accepts the Applicant's application to limit payment of an administration charge in respect of litigation costs under paragraph 5A and declines to make an order for the same.

Introduction and background to the application

1. The Applicant, Mr Hung-Yi Tang, submitted his application under section 27A of the Landlord and Tenant Act 1985 ('the 1985 Act') for the determination of liability to pay and reasonableness of service charges attributable to Unit 107, Trivelles, Waterhall Country House, Prestwood Lane, Ifield, Crawley, West Sussex, RH11 0LA ('the property'), to the Tribunal on 9 April 2025.
2. In his application, Mr Tang has included a section 20C application under the 1985 Act and seeks to limit payment of an administration charge under paragraph 5A of schedule 11 to the Commonhold and Leasehold Reform Act 2002 ('the 2002 Act').
3. Unit 107 is described as a one-bedroom unit in a two-storey hotel-style leasehold development, converted around 2019 (section 2.3 of the application). From the lease the property is described as 'a commercial serviced apartment room'. At this juncture the respondent is stated as 'Donald Fletcher Ltd' (section 3.5 of the application), and the landlord is stated as 'Gloucester Terrace One Ltd' (section 4.2 of the application).
4. The years to which the applicant seeks service charge determinations are: 2022, 2023, 2024 and 2025. The Tribunal notes the service charge year runs from 1 January to 31 December.
5. At section 6.4 of his application, Mr Tang lists the items of service charge that are in issue for 2022, briefly as follows: (1) invoice was issued to an unrelated individual – Zhao Hong, (2) incorrect property address, (3) no property management or services were provided to the property, (4) no evidence of legally required building insurance, (5) no receipts, no itemised expenses, and no actual service reports, (6) Donald Fletcher Ltd has not provided any documentation confirming lawful appointment as managing agent, and (7) 45.15% of the service charge was allocated to salaries, which is excessive and unexplained. Similar lists of the items of service charge that are in issue for 2023 and 2024 are given in sections 6.5 and 6.6 respectively.
6. Mr Tang confirms the Tribunal can determine the case on the papers only and goes on to say the matter is extremely urgent. The Tribunal has issued four sets of Directions, dated 18 June 2025, 29 July 2025, 9 September 2025 and 23 October 2025. In addition, further to a Direction from the Tribunal, Mr Tang submitted his application and request for a case management order dated 8 October 2025 to amend and to correct the identity of the Respondent to be 'Trivelles Waterhall Ltd'. On this latter point, Donald Fletcher Ltd agreed to this substitution.
7. The Tribunal limits its discussion on the Directions to those matters relevant to this decision. The Respondent is 'Trivelles Waterhall Ltd'. The Respondent's representative is Donald Fletcher Ltd. The application and

documents shall stand as the Applicant's case. The Respondent is to have given their reply by 3 October 2025, and the Applicant is to have sent their concise reply by 17 October 2025.

8. In its Directions of 23 October 2025, the Tribunal carried out a review of the bundle to determine the application's continuing suitability for determination on the papers. The Tribunal determined the principal issue in dispute 'is whether the Respondent is entitled to make the service charge demands it did. The Applicant has not provided any evidence to challenge the reasonableness of any sums incurred' [paragraph 17].
9. 'The issue in dispute requires a review of the contractual arrangements and the evidence provided by the parties. There are no facts in dispute. Sufficient details have been provided and there is no need to hear further from the parties; as a result, I consider that the issues can be determined without a hearing' [paragraph 18].
10. The Tribunal has determined not to inspect the property. Both the Applicant and the Respondent have provided an external photograph of the building. The Tribunal has viewed the property on the internet.
11. The Tribunal has read the papers in full and has considered the totality of the evidence but limits its discussions to the points relevant for it to reach its Decisions.

The Purchase Contract and the Lease

12. Within his bundle, Mr Tang has provided a copy of his purchase contract ('the contract'); however, Mr Tang has not provided a copy of his lease.
13. The contract is between Trivelles Waterhall Ltd and Hung-Yi Tang relating to the purchase of the property and is dated 4 March 2019. Under 'Interpretation', "**the Lease**" means the form of specimen lease of the Property supplied by the Company's Solicitors and which shall be deemed to be incorporated herein subject to any variation thereof which the Company deems appropriate as necessary.
14. Under 'Sale and Purchase of the Property' it says 'In consideration of the Purchase Price the Company shall grant to the Purchaser and the Purchaser shall accept from the Company the Lease in accordance with the terms and conditions of this Agreement.' Under 'The Lease', the sale and purchase of the Property shall be effected by the lease. Under 'Particulars' the lease is for a term of 999 years at a rent to escalate as provided for in the lease. Mr Tang has provided a copy of the Office copy entry for the leasehold interest in the property, Title number WSX414952. The lease was granted on 25 November 2019.
15. At Exhibit 12 of the Respondent's Statement of Case, Mr Moghul has provided a 'redacted' copy of the lease between Trivelles Waterhall Ltd (landlord) and Hung-Yi Tang (tenant). The Tribunal says 'redacted' as the copy lease provided has been encrypted to give anonymity. Typically, the date of the lease, the service charge year and the tenant's signature block, inter alia, have been encrypted. There is no evidence before the Tribunal

that the copy of the lease provided by Mr Moghul is not a true copy of that for the property.

16. Under 'Interpretation' clause 1.1, the common parts, insurance rent, insured risks, IPT, permitted use (as a commercial serviced apartment room), regulations (the covenants on the part of the Lessee set out in Schedule 5), service charge, service charge year, service costs, services, lessee covenants (the covenants on the part of the Lessee set out in Schedule 4 and the Regulations) and unit are all defined, inter alia.
17. Insurance Rent (a) and Service Charge apportionments are defined as 'a fair and reasonable proportion.'
18. At clause 2.3 the lessee covenants to pay to the lessor: (a) the rent, (b) the insurance rent, (c) the service charge, (d) all interest payable under this lease, and (e) all other sums due under this lease.
19. At clause 5(a), the lessee covenants with the lessor to observe and perform the lessee covenants. Similarly, at clause 6.1, the lessor covenants with the lessee to observe and perform the lessor covenants.
20. At schedule 1 the property is defined, and reference is made to its plan edged in red, which has not been provided to the Tribunal.
21. At schedule 4 the lessee covenants to pay, (1) rent, (2) service charge, (3) insurance, (4) interest on late payment, (5) rates and taxes, (6) utilities, and (7) costs. In addition, the lessee covenants to keep the property in repair and decoration, (10), inter alia.
22. Service Charge 2.1 – the initial service charge (£700) is to have been paid on the date of the grant of the lease, 25 November 2019, and thereafter the lessee shall pay the estimated service charge in two equal instalments on each of the rent payment dates, 25 March and 29 September.
23. At schedule 6 the lessor covenants, inter alia, (2) to effect and maintain insurance, (3) to rebuild following damage or destruction, (4) services and service costs, subject to the lessee paying the service charge, the lessor shall use its reasonable endeavours to provide the services set in paragraphs 1(a) to 1(o) inclusive of Part 1 of Schedule 7.

Schedule 6, clause 4.3 'Before or as soon as possible after the start of each Service Charge Year, the Lessor shall prepare and send the Lessee an estimate of the Service Costs for that Service Charge Year and a statement of the estimated Service Charge for that Service Charge Year.'

Schedule 6, clause 4.4 'As soon as reasonably practicable after the end of each Service Charge Year, the Lessor shall prepare and send to the Lessee a certificate showing the Service Costs and the Service Charge for that Service Charge Year.'

Schedule 6, clause 4.5 'To keep accounts, records and receipts relating to the Service Costs incurred by the Lessor and to permit the Lessee, on giving reasonable notice, to inspect the accounts, records and receipts by

appointment with the Lessor (or its accountants or managing agents).’

Schedule 6, clause 4.6 ‘If any cost is omitted from the calculation of the Service Charge in any Service Charge Year, the Lessor shall be entitled to include it in the estimate and certificate of the Service Charge in any following Service Charge Year. Otherwise, and except in the case of manifest error, the Service Charge certificate shall be conclusive as to all matters of fact to which it refers.’

24. Schedule 7, Services and Service Costs, Part 1, the Services are:

- (a) cleaning, maintaining, decorating, repairing and replacing the Retained Parts and remedying any inherent defect,
- (b) providing heating to the internal areas of the Common Parts during such periods of the year as the Lessor reasonably considers appropriate, and cleaning, maintaining, repairing and replacing the heating machinery and equipment,
- (c) lighting the Common Parts and cleaning, maintaining, repairing and replacing lighting, machinery and equipment on the Common Parts,
- (d) cleaning, maintaining, repairing and replacing the furniture, fittings, and equipment in the Common Parts,
- (e) the supply of hot and cold water to the toilets and any kitchens,
- (f) cleaning, maintaining, repairing, operating and replacing security machinery and equipment (including closed circuit television) on the Common Parts,
- (g) cleaning, maintaining, repairing, operating and replacing fire prevention, detection and fighting machinery and equipment and fire alarms on the Common Parts,
- (h) cleaning, maintaining, repairing, and replacing refuse bins on the Common Parts,
- (i) cleaning the outside of the windows of the Building,
- (j) cleaning, maintaining, repairing and replacing signage for the Common Parts,
- (k) maintaining any landscaped and grassed areas of the Common Parts,
- (l) cleaning, maintaining, repairing and replacing the floor coverings on the internal areas of the Common Parts,
- (m) providing security cleaning and maintenance staff for the Building,
- (n) maintaining and repairing the kitchens,
- (o) maintaining and repairing the toilets, and
- (p) any other service or amenity that the Lessor may in its reasonable discretion (acting in accordance with the principles of good estate management) provide for the benefit of the tenants and occupiers of the Building.

25. Schedule 7, Services and Service Costs, Part 2, the Service costs are the total of:

- (a) all of the costs reasonably and properly incurred or reasonably and properly estimated by the Lessor to be incurred of:
 - (i) providing the Services,
 - (ii) the supply and removal of electricity, gas, water, sewage and other utilities to and from the Retained Parts and if appropriate the

- Property,
- (iii) complying with the recommendations and requirements of the insurers of the Building (insofar as those recommendations and requirements relate to the Retained Parts),
 - (iv) complying with all laws relating to the Retained Parts, their use and any works carried out at them, and relating to any materials kept at or disposed of from the Common Parts,
 - (v) complying with the Third Party Rights insofar as they relate to the Retained Parts,
 - (vi) putting aside such sum as shall reasonably be considered necessary by the Lessor (whose decision shall be final as to questions of fact) to provide reserves or sinking funds for items of future expenditure to be or expected to be incurred at any time in connection with providing the Services, and
 - (vii) taking any steps (including proceedings) that the Lessor considers necessary to prevent or remove any encroachment over the Retained Parts or to prevent the acquisition of any right over the Retained Parts (or the Building as a whole) or to remove any obstruction to the flow of light or air to the Retained Parts (or the Building as a whole),
- (b) the costs, fees and disbursements reasonably and properly incurred of:
- (i) managing agents employed by the Lessor for the carrying out and provision of the Services or, where managing agents are not employed, a management fee for the same,
 - (ii) accountants employed by the Lessor to prepare and audit the service charge accounts, and
 - (iii) any other person retained by the Lessor to act on behalf of the Lessor in connection with the Building or the provision of Services.
- (c) the costs of the salaries and employer costs (including pension, welfare and insurance contributions) and uniforms of security cleaning and maintenance staff for the Building and of all equipment and supplies needed for the proper performance of their duties,
- (d) all rates, taxes, impositions and outgoings payable in respect of the Retained Parts, their use and any works carried out on them (other than any taxes payable by the Lessor in connection with any dealing with or disposition of its reversionary interest in the Building), and
- (e) any VAT payable by the Lessor in respect of any of the items mentioned above except to the extent that the Lessor is able to recover such VAT.

The Respondent's Statement of Case

26. By way of introduction, the Respondent concludes to invite the Tribunal to determine: (a) the service charges are contractually recoverable, (b) the sums demanded are reasonable in amount, and (c) the Applicant is liable to pay the arrears of £18,443.56, together with ongoing service charges and Insurance Rent

27. The Respondent's statement of case (the Respondent's statement) comprises six pages under the following headings : (1) Introduction and Background, (2) Appointment and Authority, (3) Nature and Use of the Building, (4) Service Charges and Evidence of Expenditure, (5) Procedural Compliance, (6) Response to Applicant's Allegations, (7) Conclusion and (8) Statement of Truth. Thereafter under 'Schedule of Exhibits' 24 exhibits are listed. The Tribunal notes neither is the index accurate, nor is it paginated. The statement is made up of 237 pages. The statement is dated 3 October 2025 and was given in accordance with the Directions, save as to its index.
28. The Tribunal has the following observations on the Respondent's statement.
- (1) Introduction and Background: the lease contains clear obligations to pay a fair and reasonable proportion of the Service Costs and to contribute to the Insurance Rent (Exhibit 12 – the lease) (paragraph 4). This defence demonstrates that (i) the service charges demanded fall squarely within the lease, (ii) the sums represent actual expenditure on necessary services for the Premises, (iii) costs are transparently evidenced by invoices, receipts, and Bank statements, and (iv) the amounts are reasonable given the nature of the building as a commercially operated bed-and-breakfast style hotel.
 - (2) Appointment and Authority: the Respondent outlines and gives details of the management agreement with Donald Fletcher Ltd ('DFL'), DFL's subsequent management services agreement with Large Hospitality Ltd ('LHL'). In practice, LHL incurs the day-to-day operational costs (staffing, utilities, compliance, cleaning, consumables) and issues invoices to DFL. DFL then recovers the service costs from the lessee in accordance with the lease. Nationwide Accountants & Tax Advisors Ltd ('NATAL') have prepared reconciled service charge accounts for 2021, 2022 and 2023. Various exhibits have been provided to support the same.
 - (3) Nature and Use of the Building: the Respondent confirms that from inception Waterhall Country House has been operated as a bed-and-breakfast style hotel, not as a conventional block of residential flats. It is a commercial use premises, run as serviced accommodation to which Business Rates apply. Whereas lessees can occupy their units personally, they remain bound to pay the same service charge contributions as those letting units as bed-and-breakfast accommodation.
 - (4) Service Charges and Evidence of Expenditure: the Respondent adopts the service charge year of 2024 to present and to support its case, being the latest completed service charge year. The total service charge expenditure for 2024 was £130,276.16.

The Respondent gives outline information on the costs of providing the following services:

- (a) Staffing,
- (b) Utilities: electricity, heating oil and water supply,

- (c) Cleaning and Refuse,
- (d) Repairs and Renewals, to include Gardening and Grounds Maintenance,
- (e) Insurance,
- (f) Business Rates and Council Tax, and
- (g) Bank Statements and Payment Evidence.

(5) Procedural Compliance: the Respondent says it has complied with all statutory requirements under the 1985 Act and goes on to say NATAL reconciled the accounts for 2021, 2022 and 2023.

(6) Response to Applicant's Allegations:

- (i) No valid appointment of DFL – Exhibit 1, the Management Agreement between Trivelles Waterhall Ltd and DFL dated 14 April 2021 coupled with the lease, rebut this. The lease does require the lessee's consent for such appointments.
- (ii) No services were delivered – rebutted by the service charge year for 2024 evidential package.
- (iii) Lack of itemisation and Insurance costs – the complaint is baseless, as DFL has met all statutory transparency requirements.
- (iv) Invoices addressed to different entities – the reference to Zhao Hong was a clerical error which has since been corrected. The validity of the service charge demands are not affected and the accounts demonstrate transparently that the costs were properly incurred.
- (v) Costs unreasonable or excessive – benchmarking proves otherwise, costs are modest, reflect statutory obligations, were necessary and evidenced, as applicable.
- (vi) Demands not received – rebutted by virtue of the Applicant's correspondence and records of part-payments up to 2022.
- (vii) Arrears and Settlement – the Respondent submits the arrears of £18,443.56 are indisputably due and payable. On 25 June 2025 the Applicant was given a reasonable instalment plan, offering to accept repayment without interest. The proposal was rejected by the Applicant – so to demonstrate unreasonable conduct which the Tribunal is invited to take into account when considering costs. The Respondent has not served a notice under section 146 of the Law of Property Act 1925 and does not seek forfeiture. The Applicant's suggestion of a risk of forfeiture is unfounded and misplaced.

(7) Conclusion: the Respondent invites the Tribunal to determine: (a) the service charges are contractually recoverable, (b) the sums demanded are reasonable in amount, and (c) the Applicant is liable to pay the arrears of £18,443.56, together with ongoing service charges and Insurance Rent.

29. Exhibit 1 is the management agreement between (1) Trivelles Waterhall Ltd, being responsible for the property and for providing any services required, and (2) Donald Fletcher Ltd, having agreed to be appointed as the managing agent in relation to the property. The agreement is dated 14

April 2021.

30. Exhibits 4, 5 and 6 are the Service Charge & Reserve Fund Accounts for 2021, 2022 and 2023 respectively, prepared by NATAL.
31. At page 49 of the bundle is an email from Stow Capital to Tang Hung-Yi dated 27 January 2022 explaining in outline terms the project was not operated until the end of September 2021 and the change in travel restrictions lead to serious challenges to the hospitality industry. The property is heavily reliant on air-travel being located so close to Gatwick Airport.
32. At pages 51 to 56 inclusive are three invoices for service charge and ground rent with their corresponding budgeted service charge certificate, each is addressed to Huang-Yi Tang, with respect to Unit 107, dated 21 March 2022, 26 September 2022 and 19 July 2023.
33. At pages 57, 58 and 59 are notices under section 166 of the 2002 Act with respect to the payment of ground rent due on 1 January 2022, 1 January 2023 and 1 January 2024. Each notice is addressed to Huang-Yi Tang, in respect of Unit 107.
34. Exhibit 13 is the agreement for common-area services and costs recovery at Waterhall Country House dated 19 April 2021. The term of the agreement is five years from 19 April 2021. At schedule 3 (page 100) is a worked example which refers to 'DF's Schedule of Apportionment (sum = 100%): Unit 101: 0.80%'.
35. Exhibit 14 is a spreadsheet (presented in three pages) with the actual expenses for 2024 set out under the costs' headings on a month-by-month basis. The budgeted annual expenditure was £130,130.00; the actual annual expenditure was £130,276.16.

The Applicant's Bundle and concise Reply

36. The Applicant's bundle includes: (1) the application and attached documents, (2) the Tribunal's Directions, (3) various correspondence, (4) evidence and exhibits, and (5) the Tribunal Rules and Bundle guidance. The bundle comprises 147 pages.
37. Mr Tang seeks service charge determinations for 2022, 2023, 2024 and 2025. At sections 6.4, 6.5 and 6.6, Mr Tang lists the items of service charge that are in issue for 2022, 2023 and 2024 respectively.
38. Mr Tang has provided copies of the Budgeted Service Charge Certificates prepared by DFL for 2022, 2023 and 2024, each in the name of Zhao Hong [pages 43, 44 and 45].
39. Mr Tang's statement of case begins at page 46 of the bundle. At paragraph 2, Subsequent Management and Service Charges, Mr Tang says 'After the first management company, Baker Harrington Ltd ('BHL'), went into liquidation in 2021, management was temporarily taken over by Stow Capital Ltd.'

40. Exhibit 4.1.2 (page 88) is a copy of the rental agreement for the property between Hung-Yi Tang and BHL, dated 29 November 2019. The agreement is for a term of five years from 7 (?) November 2019, with the first rent payment date of 7 January 2021. The landlord lets the property to the management company for the term. The permitted occupier is a person to whom the management company sublets or allows to occupy for use is a serviced apartment.
41. Exhibit 4.1.3 (page 99) is a copy of Tang Hung-Yi's property management agreement with Stow Capital. Whereas the agreement has been signed by Tang Hung-Yi (page 108), and is for a minimum term of 36 months, it is undated but includes (2021) in the heading at the top of the page. The service type to be provided by Stow Capital is fully managed.
42. Mr Tang goes on to say 'However, in 2022, a new company, Donald Fletcher Ltd ('DFL'), began to issue service-charge invoices and demand payment, claiming to act on behalf of the freeholder, Gloucester Terrace One Ltd...For three consecutive years (2022 – 2024), DFL has continued to issue service-charge certificates naming another person, 'Zhao Hong' as the leaseholder instead of me.
43. Mr Tang lists the key issues in dispute [page 47] as follows:
- (1) Reasonableness of Service Charges (2022 – 2025) – whether the amounts demanded are reasonable in light of the lack of management evidence or supporting invoices.
 - (2) Legal Authority of Donald Fletcher Ltd – whether DFL was ever properly authorised by the freeholder or by me to collect and manage service charges.
 - (3) Identification Error – why the service charge certificates name another individual (Zhao Hong) as the leaseholder, creating confusion and potential accounting irregularities.
 - (4) Disclosure and Transparency – whether the Respondent (Trivelles Waterhall Ltd or its agents) should be ordered to produce the original lease, management-appointment documents, and full service-charge breakdown.
44. Mr Tang seeks relief and has asked the Tribunal to:
- (1) Declare that the service charges demanded for the years 2022 – 2025 are unreasonable and/or not payable under the lease.
 - (2) Order the Respondent to disclose all management contracts, expense details, and salary payment records.
 - (3) Suspend any payment obligations until the dispute is fully resolved.
 - (4) Prevent forfeiture or any enforcement action against the property while this matter remains in dispute.
 - (5) Award costs under section 20C of the Landlord and Tenant Act 1985 and paragraph 5A of Schedule 11 of the Commonhold and Leasehold Reform Act 2022, to ensure that I am not charged for the Respondent's legal expenses through the service charge [sic].
45. Under 'Additional Context', Mr Tang says "I am a foreign leaseholder residing in Taiwan with limited English ability and no UK legal

representation. All my communications have been conducted by email using translation tools. I am doing my best to comply with the Tribunal's Directions and to prepare the hearing bundle by the stated deadline.

46. Mr Tang has given his 'Supplementary Statement of the Applicant – October 2025 (Clarifications and Additional Evidence)', which the Tribunal understands to be his concise reply [pages 48 and 49].
47. Mr Tang's concise reply is summarised as follows.
 - (1) No authorisation from the current freeholder: in the absence of written proof that Waterhall Resorts Ltd expressly re-appointed DFL as its agent after February 2023, all subsequent service-charge demands are ultra vires and void.
 - (2) No contractual nexus with the Applicant: DFL has never disclosed any Deed of Appointment, power of attorney, or written delegation from the landlord to confirm such authority. The Applicant has no contractual nexus with the Respondent.
 - (3) Unreasonably Incurred Charges: the Applicant cites *David Webber v Rasheeda Syed* [2025] UKUT 173 (LC) and *Adam Davies v Benwell Road RTM Company Ltd* [2023] UKUT (LC) as authorities to confirm that where a landlord or agent fails to evidence its expenditure, the Tribunal must disallow those amounts. To apply those principles, the entire 'Salaries' element and other unsubstantiated items should be struck out.
 - (4) Failure to provide information: under schedule 12 of the 2002 Act a tenant is entitled to inspect and receive copies of accounts, receipts, and supporting documents for any service charge demand. The Respondent has ignored multiple requests for such information (see Exhibit 4.3.6).
 - (5) Procedural Unfairness: DFL has illustrated a complete failure of basic record verification. The Respondent has never conducted any statutory consultation under sections 20 and 20ZA of the 1985 Act for any major works. Such omissions constitute a serious breach of procedural fairness, rendering the relevant charges unenforceable.
 - (6) Conclusion: the Applicant requests the Tribunal to declare that all service-charge demands issued by DFL for the years 2022 to 2025 are unreasonable, unlawful and not payable; and that any further demands be suspended pending proof of valid authorisation from the current freeholder.
48. The members of Trivelles Waterhall Ltd agreed to change the name of the company to Waterhall Resorts Ltd, certificate of incorporation dated 27 February 2023 (pages 50, 51 and 52).
49. The Tribunal has issued four sets of Directions which provide for the Respondent is to have included in its statement of case, the following: (1) a response to the points made by the Applicant, (2) copies of any other relevant documents relied upon, (3) and representations on any application under section 20C of the 1985 Act or under paragraph 5A, schedule 11 of the 2002 Act.
50. Section 4.3 (page 112) is a summary and table to make a precis of the email correspondence between the Applicant and DFL and Stow Capital. Mr Tang says "These emails demonstrate the Applicant's consistent honesty,

confusion, and eventual determination to stop improper deductions once the situation became clear. They also highlight the lack of transparency from Donald Fletcher Ltd and the administrative negligence of Stow Capital in continuing deductions without verifying DFL's legal standing.'

51. At pages 118 and 119 are receipts issued by Donald Fletcher Asset Management, both dated 30 May 2022, for the ground rent and service charge for 2021 and 2022, each in the name of Huang-Yi Tang.

The Law

52. In its Directions of 23 October 2025, the Tribunal determined the issues in this application to require a review of the contractual arrangements and the evidence provided by the parties. The principal issue in dispute is whether the Respondent is entitled to make the service charge demands it did.

53. There are no facts in dispute, and the Applicant has not provided any evidence to challenge the reasonableness of any sums incurred.

54. The management of leasehold property and the recovery of the costs of management are governed by the express or implied terms of the lease. It is a matter of contract.

55. The starting point for any discussion on contractual interpretation and the construction of a lease is the decision of the Supreme Court in *Arnold v Britton* [2015] UKSC 36 (to be referred to as '*Arnold*') and in particular to Lord Neuberger's judgment at paragraph 15 where he said that the court must identify the intention of the parties by reference to:

"...what a reasonable person having all the background knowledge which would have been available to the parties would have understood them to be using the language in the contract to mean", ...And it does so by focusing on the meaning of the relevant words...in their documentary, factual and commercial context. That meaning has to be assessed in the light of

- (i) the natural and ordinary meaning of the clause,
- (ii) any other relevant provisions of the lease,
- (iii) the overall purpose of the clause and the lease,
- (iv) the facts and circumstances known or assumed by the parties at the time that the document was executed, and
- (v) commercial common sense, but
- (vi) disregarding subjective evidence of any party's intentions."

56. Accordingly, to apply *Arnold* in the context of this application is to have in contemplation that whereas this is a residential property, the Building has been redeveloped into a bed-and-breakfast style hotel with permitted use of the property as a commercial serviced apartment room.

57. The Applicant's purchase agreement is between Trivelles Waterhall Ltd and Hung-Yi Tang and is dated 4 March 2019. Under 'Interpretation 1.1', the lease means the form of specimen lease of the property supplied by the Company's Solicitors, and which shall be deemed to be incorporated

herein subject to any variation thereof which the Company deems appropriate or necessary.

58. Whereas Mr Tang has not provided a copy of the lease of the property, he has provided a copy of the leasehold Title from the Land Registry which confirms the lease was granted on 25 November 2019.
59. The Respondent has provided a copy of the lease (partially redacted/encrypted), the relevant terms of which are outlined at paragraphs 15 to 25 inclusive above.
60. The lease includes provisions for the payment and collection of ground rent and service charges, inter alia. The lessee covenants at clause 2.3 to pay to the lessor: (a) the rent, (b) the insurance rent, (c) the service charge, (d) all interest payable under this lease, and (e) all other sums due under this lease.
61. At clauses 5(a) and 6.1, the lessee and the lessor covenant with their counterparty to observe and perform their respective covenants.
62. The lessee's covenants are at schedule 4 and require the payment of rent, service charge, insurance and interest on late payment etc.
63. The lessor's covenants are at schedule 6 and is required to effect and maintain the Building's insurance and to use its reasonable endeavours to provide the services itemised in Part 1 of schedule 7. The lessor is required to provide both estimates of service costs and the service charge, each year, and after the end of each service charge year to provide a certificate to show the service costs and the service charge for the same.
64. At Part 2 of schedule 7, service costs 2(b)(i), 2(b)(ii) and 2(b)(iii) are the costs, fees and disbursements reasonably and properly incurred of managing agents, accountants and any other person retained by the lessor in connection with the Building or the provision of services.
65. Meaning of service charge: under section 18(1) of the 1985 Act, service charge means an amount payable by a tenant of a dwelling as part of or in addition to the rent –
 - (a) which is payable, directly or indirectly, for services, repairs, maintenance, improvements, or insurance or the landlord's costs of management, and
 - (b) the whole or part of which varies or may vary according to the relevant costs.
66. Reasonableness: section 19 of the 1985 Act provides three separate tests for "reasonableness" of residential service charges: section 19(1)(a) only to the extent that they have been reasonably incurred, section 19(1)(b) where they are incurred on the provision of services or the carrying out of works, only if the services or works are of a reasonable standard, and section 19(2) where a service charge is payable before relevant costs are incurred, no greater amount than is reasonable is so payable.

67. To determine reasonableness, a two-stage test is to be applied: (1) was the decision-making process reasonable, and (2) is the sum to be charged reasonable in the light of market evidence?

The Tribunal's Discussion, Decisions and further Directions

68. The Applicant is the leaseholder of Unit 107, a commercial serviced apartment room in a building operated as a bed-and-breakfast hotel style concern. The Applicant's purchase agreement is dated 4 March 2019, and the lease was granted on 25 November 2019.
69. The Applicant has entered into two management agreements: (1) with BHL dated 29 November 2019, and (2) with Stow Capital, undated, but under Exhibit 4.1.3 listed as (2021). In both cases the service provided is for a fully managed serviced apartment.

Valid contract

70. The lease provisions with respect to the payment and collection of service charges are outlined in detail above. Following the Supreme Court's guidance in *Arnold*, the Tribunal has no difficulty to determine to interpret the lease to provide a valid contract between the respondent/lessor and the applicant/lessee.
71. The permitted use of the property is a serviced commercial apartment room. The Applicant entered into a rental agreement with BHL dated 29 November 2019, four days after the lease was granted, for its use as a serviced apartment. Accordingly, the Applicant has entered the contract in full knowledge of the commercial context and overall purpose of the lease. Such is the property's location being close to Gatwick airport, its performance as a commercial enterprise is heavily reliant on travel by air.
72. The lease provides the contractual machinery for the provision of services and for the payment of those services. The lessor is obliged to provide the services, and the lessee is obliged to pay for the services provided by the lessor.
73. At schedule 6 the lessor covenants to provide the services coupled with the associated requirements to provide estimates and certificates of the costs and charges, and to keep accounts. At schedule 7 are the services the lessor is to provide and the associated service costs for which the lessee is to pay.

Contractual machinery for the payment of service charges

74. The lease provides the contractual machinery for the provision of services and for the payment of those services through the service charges. The service charges are contractually recoverable under the lease.
75. The Respondent has provided a copy of its agreement with Donald Fletcher Ltd, and a copy of Donald Fletcher Ltd's subsequent agreement with Large Hospitality Ltd. The Applicant's reference to agreements with BHL and Stow Capital do not assist the Tribunal, as the appointments are personal to him and for the parties to act on his behalf only.

76. The Applicant has submitted that pursuant to Trivelles Waterhall Ltd changing its name to Waterhall Resorts Ltd and in the absence of written proof that Waterhall Resorts Ltd expressly re-appointed DFL as its agent after February 2023, has rendered all subsequent service charge demands ultra vires and void.

The appointments of Donald Fletcher Ltd and Large Hospitality Ltd and the company's name change

77. The two copy agreements provided are compatible with Part 2(b)(i) of schedule 7 of the lease with respect to the employment of managing agents by the Lessor. Donald Fletcher Ltd in conjunction with Large Hospitality Ltd have the authority to manage and to collect service charges at the Building. As the Respondent says, there is no provision in the lease for the lessee's consent to such an appointment.
78. A party's name change to a contract does not, by itself, invalidate a contract, as the legal entity, rights and obligations remain the same.

Identification errors

79. At paragraphs 32 and 33 above, the Tribunal outlines the invoices, budgeted service-charge certificates and ground rent notices for 2022, 2023 and 2024 provided by the Respondent in their bundle. In the absence of any challenge from the Applicant to these documents, both with respect to their validity and their accuracy, the Tribunal is satisfied the demands have been given in accordance with the terms of the lease.

Disclosure, Transparency and failure to Provide Information

80. In the Tribunal's Directions dated 9 September 2025 the Respondent was to give a statement which, inter alia, replies to each of the points made by the Applicant. In addition, the Respondent was to provide any other relevant documents relied on.
81. The Applicant has requested disclosure of all supporting invoices to the service charge accounts for 2022, 2023, 2024 and 2025. The Respondent in its statement of case has provided NATAL's reports for the service charge and reserve funds accounts for 2021, 2022 and 2023. Thereafter, the Respondent has provided a spreadsheet of the actual expenses for 2024 and the associated invoices.
82. Taking into consideration the volume of paperwork associated with each year's service charge accounts and the Tribunal's overriding objective to deal with cases fairly and justly, the Tribunal is satisfied the information provided by the Respondent is proportionate to the importance of the case and has met the complexity of the issues.

Reasonableness

83. The final point for the Tribunal to consider is the question of reasonableness under section 19(1) of the 1985 Act. The Applicant says the

Respondent's certificates (which the Tribunal understand to be the three budgeted service charge certificates in the name of Zhao Hong) show that 45% to 50% of total expenditure is labelled 'salaries', without identifying any recipients, roles, or supporting invoices., and goes on to say the 2024 budget was almost double the 2023 figure...such charges are plainly unreasonable and non-recoverable. The Applicant cites case precedent in *David Webber v Rasheeda Syed* (to be referred to as '*Webber*') [2025] UKUT 173 (LC) and *Adam Davies v Benwell Road RTM Company Ltd* (to be referred to as '*Davies*') [2023] UKUT 197 (LC), which he concludes to support the argument that where a landlord or agent fails to evidence its expenditure, the Tribunal must disallow those amounts. Applying those principles, the entire "salaries" element and other unsubstantiated items should be struck out.

84. The sums for salaries in the certificates referred to are: 2022 - £54,000, 2023 - £59,400, and 2024 - £119,500.
85. The reports prepared by NATAL confirm the sums for salaries (being the aggregate of 'Gross Wages, Employers' NI (non-Directors), Employers' Pension and Head Office Salaries') in each of 2022 and 2023 are £57,215.48 and £63,136.10.
86. In his statement at paragraphs 21 to 23, Mr Moghul says Staffing was the largest single cost in 2024 - £59,069.21. Of this £13,766.24 is attributable to Head Office, to leave £45,302.97 to include Employers' NI and Employers' Pension.
87. Mr Moghul goes on to say staffing at the building is shared with the operations of the building and that the staffing model is efficient. Benchmarking shows that a single-minimum wage Employee covering 24 hours per day, would cost over £108,000 annually, and that the service charge staffing allocation is less than half that amount.
88. The three sums attributable to salaries in the service charge years for each of 2022, 2023 and 2024 are broadly similar and do not reflect the increase in 2024 submitted by the Applicant.
89. The two-stage test to be applied by the Tribunal is firstly to assess whether the decision-making process for the provision of staff is reasonable. There is no evidence before the Tribunal to the contrary. Secondly the Tribunal must determine if the sums charged are reasonable in the light of market evidence. From the evidence given the sums for salaries in each year in question are broadly similar and are from Mr Moghul's benchmarking exercise less than half the rate payable based on a corresponding 24/7 service, where the minimum wage is payable. To that end the Tribunal determines the sums attributable to salaries in the years in question are reasonable.
90. The Applicant has provided no further evidence to support an argument that any of the service charges incurred in the years in question are unreasonable. The Tribunal attributes no weight to the Upper Tribunal decisions in *Webber* and *Davies* in the contexts of this case.

91. To that end the Tribunal determines the service charge demands for the years 2022 – 2025 with respect to the property issued by Donald Fletcher Ltd are valid. The sums are reasonable under section 19 of the 1985 Act and are to be paid by the Applicant. The Respondent has confirmed the current arrears to be £18,443.56. The Applicant is required to pay the arrears, together with ongoing service charges and Insurance Rent.

Costs

92. The Applicant has made an application under section 20C of the 1985 Act and has applied to limit payment of an administration charge under paragraph 5A to schedule 11 of the 2002 Act.
93. The Tribunal accepts the Applicant's section 20C application and declines to make an order for costs.
94. The Tribunal accepts the Applicant's application to limit payment of an administration charge in respect of litigation costs under paragraph 5A and declines to make an order for the same.

RIGHTS OF APPEAL

1. A person wishing to appeal this decision to the Upper Tribunal (Lands Chamber) must seek permission to do so by making written application by email to rpsouthern@justice.gov.uk to the First-tier Tribunal at the Regional office which has been dealing with the case.
2. The application must arrive at the Tribunal within 28 days after the Tribunal sends to the person making the application written reasons for the decision.
3. If the person wishing to appeal does not comply with the 28 days' time limit, the person shall include with the application for permission to appeal a request for an extension of time and the reason for not complying with the 28 days' time limit; the Tribunal will then decide whether to extend time or not to allow the application for permission to appeal to proceed.
4. The application for permission to appeal must identify the decision of the Tribunal to which it relates, state the grounds of appeal, and state the result the party making the application is seeking.