FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Case reference	**:**	**LON/00AH/LDC/2025/0903**
Applicant	**:**	**Shirley Cottages (Freehold) Ltd**
Respondent	**:**	**All leaseholders as per the schedule attached to the application**
Property	**:**	**51 Wickham Road, Croydon, CR0 8TB**
Venue	**:**	**10 Alfred Place, London WC1E 7LR**
Tribunal	**:**	**Judge Brilliant**
Date of decision	**:**	**17 December 2025**

DECISION

Introduction

1. This application is for dispensation from the consultation requirements of the Landlord and Tenant Act 1985 ("the 1985 Act"), pursuant to s.27ZA of the 1985 Act.

2. Section 20ZA(1) provides that:

"Where an application is made to [the FTT] for a determination to dispense with all or any of the consultation requirements in relation to any qualifying works …, the tribunal may make the determination if satisfied that it is reasonable to dispense with the requirements."

3. The property consists of 10 flats, each held on a long lease (**the property**).

4. The Applicant is a collective enfranchisement company, incorporated on 25 September 2013. Eight of the lessees are directors of the Applicant, but two are not. They are (a) Ms Renner-Thomas and (b) Mr and Mrs Pritchard. It is they alone who are opposing this application for dispensation.

5. Collective enfranchisement and right to manage companies are seen as a panacea for poor management by the freeholder. Unfortunately, it can turn out to be a false dawn. Disputes arise between the majority of the lessee who are directors, and actually carry out the management, and those who do not but still have to pay their due share.

6. All to often the minority feel that the management and works charged through

the service charge are open to criticism. For example: works not required, not spread out over time, delayed, tendered incompetently, too expensive, not carried out or carried out in a defective manner etc. The minority, rightly or wrongly, feels powerless and is faced with sums payable which are significant. This is sometimes justified. Sometimes not.

7. However, I must make it clear that in these proceedings I make no judgment on these matters. I am only concerned with whether those opposing have shown that dispensation has caused them prejudice.

The law

8. In Daejan Investments Ltd v Benson [2013] UKSC 14, the Supreme Court considered the proper approach to an application for dispensation under s.20ZA. By a majority the Court concluded that securing compliance with the statutory consultation requirements was not an end in itself. ss.20 and 20ZA were intended to reinforce, and to give practical effect to the twin purposes of s.19 which were to ensure that tenants are not required (i) to pay for unnecessary services or services which are provided to a defective standard, and (ii) to pay more than they should for services which are necessary and are provided to an acceptable standard.

9. Lord Neuberger gave the only speech in support of the majority view, with which Lord Clarke and Lord Sumption JJSC agreed. He pointed out, at [40], that s.20ZA provides little guidance on how the dispensing jurisdiction is to be exercised, other than that the tribunal must be "satisfied that it is reasonable to do so".

10. He continued, at [41]:

"However, the very fact that s.20ZA(1) is expressed as it is means that it would be inappropriate to interpret it as imposing any fetter on the LVT's exercise of the jurisdiction beyond what can be gathered from the 1985 Act itself, and any other relevant admissible material. Further, the circumstances in which a s.20ZA(1) application is made could be almost infinitely various, so any principles that can be derived should not be regarded as representing rigid rules."

11. Having identified the purpose of the consultation provisions as being the protection of tenants from (i) paying for inappropriate works or (ii) paying more than would be appropriate, Lord Neuberger explained, at [44]-[45], that the issue on which tribunals should focus when determining an application under s.20ZA(1) was "the extent, if any, to which the tenants were prejudiced in either respect by the failure of the landlord to comply with the requirements". If "the extent, quality and cost of the works were in no way affected by the landlord's failure to comply with the requirements" dispensation should normally be granted, because, "in such a case the tenants would be in precisely the position that the legislation intended them to be – ie as if the requirements had been complied with".

12. Lord Neuberger considered, at [46]-[47], that it would not be right to focus on the seriousness of the breach of the consultation requirements; the only relevance of the extent of the landlord's oversight was "in relation to the prejudice it causes". The overarching question was not whether the landlord had acted reasonably but was whether the tribunal was satisfied that it was reasonable to dispense with compliance.

13. In assessing the prejudice to the tenants if dispensation was granted Lord

Neuberger explained, at [65], that it was necessary to take account only of the sort of prejudice which s.20 was intended to protect against: "… the only disadvantage of which they could legitimately complain is one which they would not have suffered if the requirements had been fully complied with, but which they will suffer if an unconditional dispensation were granted."

14. The burden of identifying relevant prejudice would fall on the tenants, but this should not give rise to great difficulties because, as Lord Neuberger explained at [67], "the landlord can scarcely complain if the LVT views the tenants' arguments sympathetically" (at that time the appropriate tribunal was the LVT). He continued, at [68]:

"The LVT should be sympathetic to the tenants not merely because the landlord is in default of its statutory duty to the tenants, and the LVT is deciding whether to grant the landlord a dispensation. Such an approach is also justified because the LVT is having to undertake the exercise of reconstructing what would have happened, and it is because of the landlord's failure to comply with its duty to the tenants that it is having to do so. For the same reasons, the LVT should not be too ready to deprive the tenants of the costs of investigating relevant prejudice, or seeking to establish that they would suffer such prejudice. This does not mean that LVT should uncritically accept any suggested prejudice however far-fetched, or that the tenants and their advisers should have carte blanche as to recovering their costs of investigating, or seeking to establish, prejudice. But, once the tenants have shown a credible case for prejudice, the LVT should look to the landlord to rebut it."

15. Lord Neuberger concluded that dispensation could be granted on conditions. One such condition of dispensation could be to require that the landlord compensate the tenants for any costs they may have incurred in connection with the application under s.20ZA. At [64], Lord Neuberger considered that a landlord seeking dispensation was in a similar position to a party seeking relief from forfeiture, in that they were "claiming what can be characterised as an indulgence from a tribunal at the expense of another party".

16. He said "Accordingly, in so far as the other party reasonably incurs costs in considering the claim, and arguing whether it should be granted, and, if so, on what terms, it seems appropriate that the first party should pay those costs as a term of being accorded the indulgence."

17. Summarising his conclusions, at [71], Lord Neuberger said that: "Insofar as the tenants will suffer relevant prejudice as a result of the landlord's failure, the LVT should, at least in the absence of some good reason to the contrary, effectively require the landlord to reduce the amount claimed as service charges to compensate the tenants fully for that prejudice. That outcome seems fair on the face of it, as the tenants will be in the same position as if the requirements have been satisfied, and they will not be getting something of a windfall."

18. Tanfield Service Charges and Management 5th edition suggest that in many cases it will be appropriate to grant dispensation on condition that the landlord pays its own costs and the tenant's reasonable costs incurred in investigating or establishing prejudice and investigating and challenging the application for dispensation.

The works

19. The initial works concerned the restoration of the external facade of the property, which has included the removal of cement render and brickwork repairs.

20. Following the commencement of these initial works, and the removal of render from the outside of the property, further urgent works were required, including structural reinforcement (helical bars and resin), re-rendering with lime mix, gutter/roof repairs.

21. The initial works were priced at £130,000. The further works identified were estimated in the sum of £63,426. They were too urgent to wait the full consultation period. The Applicant took out a long term to pay the costs of the works and charged £55,000 to each lessee for the additional works. A breakdown of the costs is to be found in Appendix A to a document headed *Justification Document for Additional Building Works Costs* dated 28 March 2025 in the hearing bundle.

Lack of consultation

22. Dispensation is sought in respect of the total sum of £185,000.

23. There has been some notice given to the lessees of the proposed works, but the full consultation process has not been carried out.

24. In paragraph 15 of her witness statement dated 28 August 2025, Ms Ashton, one of the directors of the Applicant said:

a. The failure to re-consult was not intentional. It arose due to:

b. Lack of legal awareness among the self-managing directors;

c. Urgent nature of the works and contractor availability;

d. Good faith belief that ongoing leaseholder engagement was sufficient.

25. She concludes:

16. All leaseholders were consulted in substance. They were provided with the scope, rationale, financial plan, and timelines. All had the opportunity to raise concerns.

17. The proposed funding solution is reasonable and proportionate. Refusing dispensation would cause hardship to the other leaseholders who acted in good faith.

18. There is no prejudice to leaseholders. The works were necessary, fairly priced, and transparently handled.

Ms Renner-Thomas' objections

26. Her salient objections include:

Concerns were raised about the proposed works and affordability. A key issue mentioned during the meeting was damp, however not all flats, mine included, were experiencing damp…

I should add that request from me and some others for an independent survey to be conducted to inform the required works were pushed back. As was a more affordable phased targeted approach…

It has been selective information sharing, no consultation or involvement in decision making but yet an expectation of 100% contribution to a poorly costed over budget project. Despite Section 20 being raised time and time again…

This therefore meant I was not afforded the opportunity to influence outcomes…

When views were [sought] it was after decisions had already been made…

The work was a choice not a necessity and the costs were therefore not reasonable…

They pursued their own objectives regardless of any aggrieved or prejudiced outcomes…

It would appear that the self management team did not and still do not possess the suite of skills needed to manage the property effectively and efficiently especially within the context of the current cost of living crisis.

27. All these are perfectly proper points to me made when challenging the reasonableness on the service charges. In my judgment, however, none of these points (subject to what I say below) raise issues of prejudice. For example, no comparable lower quotations have been given, which might have become available if the consultation process had taken place.

28. I deal with the prejudice actually suffered in paragraph 32 below.

Mr and Mrs Pritchard's objections

29. I set this out in full:

We are challenging the dispensation for various reasons including the following;

- *We note that my Wife Melanie Pritchard who is joint Leaseholder with myself of 8 Shirley Cottages, is not named on any of the application forms*
- *The Witness statement signed by Kate Ashton (Shirley Cottages Freehold Admin Lead) & submitted for the dispensation, falsely states that I, Danny Pritchard have declined to contribute towards the building works (Please see Witness statement submitted by Freeholders solicitor) This contradicts their reason for claiming dispensation*
- *We were prejudiced against by Siobhain Clancy in the meeting of freeholders on 4th November 2024, where she stated to all freeholders that they are simply "refusing to pay" after my Wife had a meeting with Siobhain explaining that we did not have the money & in no way refused (The meeting notes in question were sent with the original dispensation claim bundle)*
- *We were prejudiced against throughout the process, as the process started before we had even purchased our property – as far back as November 2023 (two months before we purchased 8 Shirley Cottages, the freehold were in receipt of quotes for the major building works - but failed to pass on any information to ours or the sellers Solicitors*
- *Our emails show the reason for Shirley cottages freehold claiming dispensation was that we were apparently claiming limited liability – which we have never stated either verbally or in writing*

- *We have been accused of refusing to pay for the building works, yet we have never refused, in fact from the very beginning (Just two weeks after we moved in) we made it clear & known to the freehold, that we simply did not have the funds after just buying our new home, nor were we in a position to borrow or pay back such a large amount of money. Subsequently, since moving here the service charge has also doubled*
- *We have been prejudiced against due to never having been invoiced throughout the building works or asked for a contribution. Yet every other leaseholder was invoiced monthly. We have since received the invoices, only after the works were completed - on the advice of their solicitor. However, the covering letter form Kate Ashton stated that this is not a demand for money (Please see attached email) We believe this is the main reason they are claiming dispensation, so they can force us to pay the money*
- *It came to our attention that a subcommittee meeting of four freeholders had been held on 13th January 2024 (a full 8 days before we signed contracts) whereby they discussed the need for works including finances, & unanimously voted (without inclusion of all freeholders) that the building works needed to go ahead, as they deemed urgent on the advice of the builders whom had submitted the quotes.*
- *We find it hard to believe that none of the eight freeholders were aware of the Section 20 process, as you are made aware of the Section 20 process when purchasing either a leasehold or joint freeholder property, by your conveyancing solicitor. As Section 20 has been a law since 1985 it should be common knowledge to anyone buying a joint freehold property*
- *The LEP1 form that was filled out by the admin team for the purpose of our property, has clear questions about Section 20 & service charge increases to which the admin team answered "No" & "NA"*

30. Again, all these are perfectly proper points to me made when challenging the reasonableness on the service charges. In my judgment, however, none of these points (subject to what I say below) raise issues of prejudice.

Conclusion

31. Subject to paragraph 32 below, there is no evidence before me of any prejudice, and I am satisfied that it is reasonable to grant dispensation.

32. It will be appropriate to grant dispensation on condition that the landlord pays (a) its own costs and (b) the tenant's reasonable costs incurred in investigating or establishing prejudice and investigating and challenging the application for dispensation.

33. Neither side has incurred legal costs. Litigants in person are entitled to recover £19 per hour for time reasonably spent.

34. In my judgment, the reasonable time spent in investigating or establishing prejudice and investigating and challenging the application for dispensation for each of (a) Ms Renner-Thomas and (b) Mr and Mrs Pritchard would be eight hours.

36. In conclusion, dispensation is granted on condition that :

a. The Applicant cannot pass on the cost of the time spent on bringing and conducting these proceedings (including the application fee) to any of the lessees.

b. The Applicant pays:

i to Ms Renner-Thomas £152.

ii. to Mr and Mrs Pritchard together £152.

37. **This decision only relates to dispensation, not to the reasonableness of the work done or its costs. These can be challenged before the FTT if necessary in separate proceedings.**

Name: Judge Brilliant **Date: 17 December 2025**

Rights of appeal

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).