



FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Case Reference : MAN/00BY/LSC/2024/0224

Property : Flat 14, 87 LONDON ROAD, LIVERPOOL

Applicant : BELLTOWER MANAGEMENT LIMITED

Respondent : WEIKUN WANG

Type of Application : Determination of Service Charges, s27A Landlord and Tenant Act 1985, on transfer from the County Court

Tribunal Members : A M Davies, LLB
J Faulkner, FRICS

Date of Decision : 31 March 2025

DECISION

1. Service charges payable by the Applicant are as demanded by the Respondent for the years ending 31 March 2018 to 31 March 2024 inclusive, subject to year end adjustment of the service charges budget for the year ending 31 March 2024.
2. Costs of the application are remitted to the Liverpool County Court.

REASONS

BACKGROUND

1. By order of District Judge Deane dated 8 May 2024 the Applicant's Part 8 claim for arrears of service charge, interest and costs was transferred to the Tribunal for determination of the service charges payable by the Respondent for the years ended 31 March 2018 to 31 March 2023 inclusive, and the anticipated service charges payable in advance for the year ending 31 March 2024.

INSPECTION

2. The Tribunal inspected the common parts of 87 London Road, Liverpool prior to the hearing on 31 March 2025. Mr Rule, counsel for the Applicant and Mr Duffy of Central Property Management were present for the Applicant. Ms Shen was present at the inspection on behalf of the Respondent, who is currently living abroad.
3. 87 London Road is part of a block of properties on the corner of London Road and Norton Street, Liverpool, comprising commercial units at ground floor level and flats let on long leases on the upper floors. It was built around 2001. 87 London Road is managed on behalf of the Applicant by Central Property Management. Flat 14 is one of two flats on the top (4th) floor. The common parts consist of a secure entrance hall with individual post boxes, stairs, a lift to all floors, and corridors. There is access to the rear carpark where two refuse bins are available for disposal of household waste by the occupants of the flats. The bins are uncovered. Other than the use of these bins, no outside areas or facilities are included in the common parts or the leases of the flats.
4. The Tribunal noted that there was evidence of water ingress at various places in the common parts, which had stained the ceiling tiles. There was no evidence on inspection as to when the water ingress had occurred. The Respondent wished the Tribunal to speak to his neighbour about leaks affecting the flats, but no witness statement had been provided by the neighbour and the Tribunal declined to hear evidence during inspection of the property.

THE LEASE

5. The Respondent's lease requires the Applicant management company to pay an annual Landlord's Service Charge to the landlord, Derwent Lodge Estates Limited. The Landlord's Service Charge is the cost to the Landlord of maintaining in good repair and decoration the structure and exterior of the property, window cleaning, insuring the building, paying professional advisers and agents, providing a sinking or reserve fund, and collecting sums due under the lease. At clause 5 of the lease the Respondent covenants with the Applicant to pay annually in advance the Management Company's Service Charge, which includes the sums paid to the Landlord as Landlord's Service Charge together with the cost of managing the building and arranging for the supply of "*services facilities amenities improvements and other worksfor the general benefit of the Common Parts*".
6. The lease allows the Applicant to recover from the Respondent "*all expenses including solicitors' costs and disbursements...reasonably and properly incurred In or in contemplation of proceedings under Sections 146 and 147 of [the Law of Property Act 1925] or of proceedings on account of arrears of Rent and/or Service Charge for forfeiture of this Lease or for the recovery.... of those arrears*". Such costs are an administration charge as defined in Schedule 11 to the Commonhold and Leasehold Reform Act 2002. If administration charges are demanded in accordance with paragraph 4 of that schedule, an application may be made to the Tribunal for a determination as to whether they are reasonable and payable.
7. Finally, clause 11 of the lease permits the Landlord to forfeit the lease in the event that the leaseholder fails to pay service charges for 21 days after they fall due.

THE LAW

8. Relations between the Landlord, any management company, and a leaseholder are governed by the terms of the lease. These terms set out the contract entered into by the parties. They may not be varied unilaterally. In the case of a building occupied by a number of leaseholders, unless expressly agreed otherwise each leaseholder should have the security of knowing that the obligations of the parties set out in his lease apply equally to all the others.
9. Section 81 of the Housing Act 1996 provides that a residential lease may not be

forfeited except pursuant to an order of the court. Section 81(5) reads: "*service charge* means a service charge within the meaning of section 18(1) of the Landlord and Tenant Act 1985." Section 18 of the 1985 Act defines "service charge" and section 27A of that Act empowers the tribunal to determine what service charges are reasonable and payable by a leaseholder.

10. Section 20 of the 1985 Act provides that expenditure on building work or repairs which will cost any leaseholder more than £250 may not be incurred until a formal consultation with the leaseholders has been carried out. Any leaseholder's contribution to expenditure incurred in breach of this requirement is limited to £250.
11. All demands for service charges and administration charges must be accompanied by a Summary of Tenants' Rights and Obligations as set out in The Service Charges (Summary of Rights and Obligations, and Transitional Provision)(England) Regulations 2007 ("the 2007 Regulations"). Until or unless the summary is provided, the service charges are not payable.

TRANSFER FROM THE COUNTY COURT

12. On 24 November 2023 the Applicant filed a Part 8 application for recovery of outstanding service charges in the sum of £12,583.23 and administration charges in the sum of £180 together with interest and costs. The claim is said to be made with the intention of recovering the debt and instituting forfeiture proceedings.
13. On 8 May 2024 the County Court referred the service and administration charges to this Tribunal for a determination as to their reasonableness and payability under section 27A of the Landlord and Tenant Act 1985.

THE HEARING

14. Following inspection of 87 London Road, the Tribunal heard the application at the Liverpool Civil and Family Court. Mr Rule of counsel and Mr Duffy attended for the Applicant. Arrangements had been made for the Respondent to attend by video link. In the event, the technology allowed the Respondent to hear and be heard and to view the proceedings, but the Tribunal and the Applicant's representatives were

unable to see the Respondent on the court screen. All parties and the Tribunal agreed to proceed on this basis. The Respondent was unrepresented.

15. The Tribunal had been provided with a bundle of documents supplied by the Applicant in November 2024, and the Respondent had the same bundle. The bundle had been updated in January 2025 by the addition of a Reply supplied by the Applicant but due to an error in the tribunal office this was not available to the Tribunal at the hearing. The Respondent had a copy of the Reply but not of the updated bundle of documents. The Tribunal had a skeleton argument produced by counsel during the inspection of the property but the Respondent did not have a copy. The skeleton argument substantially reproduced the Reply and counsel confirmed that it contained all the points he wished to make. The Tribunal therefore determined to proceed on the basis of the documents that had been supplied to them and to the Respondent.

NON-PAYMENT OF THE SERVICE AND ADMINISTRATION CHARGES

16. Throughout the County Court and tribunal proceedings the Respondent admitted that he had not paid the service and administration charges demanded by the Applicant. He raised no issue as to the manner in which they had been demanded and copies of the demands correctly accompanied by summaries of tenant's rights and obligations were included in the bundle.
17. The Respondent's reason for non-payment was that he had not been given an opportunity to query and discuss, at an annual general meeting ("AGM") of the Applicant, the detail of the service charges. He last paid service charges for the year ending 31 March 2017. Since then he had refused payment because he had not seen invoices to which the charges related, and he did not have any information as to how they had been incurred. He was concerned about substantial increases in the service charges especially since 2021. In that year the service charge total was £1,156.40, and in the year ending 31 March 2022 the total was £2,372.62. The budget figure for year ending 31 March 2024 was £3,517.30. The Respondent said that currently he felt powerless to resist these increases, and he wanted a say, as shareholder, in how the Applicant spent the leaseholders' money.

18. The Respondent referred to emails sent and telephone calls made to the Applicant, and to Mr Duffy and others at Central Property Management, requesting that an AGM be called to permit the leaseholders to obtain information as to exactly how the service charges were incurred. He said that the information provided in the annual service charge accounts and budget statement was too general. He wanted, for example, to see a detailed breakdown of the sums (total £156) spent on minor repairs. However, the Respondent did not itemise any particular expenditure which he considered unreasonable or excessive. He did not provide any alternative figures for the costs which the Applicant had incurred. He stated that he considered that the administration charge of £180 was unreasonably high. He agreed to pay £112.44 currently being charged each year by the Applicant for retention in the Reserve Fund, but only subject to the Applicant first calling an AGM.
19. The Respondent supplied the Tribunal with photographs, said to have been taken in March 2024, of litter in the waste disposal area and disrepair in the common parts of the building, namely stained ceiling tiles and walls, and areas of damage to plasterwork, doors, staircases and stair risers. He also told the Tribunal that his own flat and the adjacent flat number 15 on the top floor had, over the years, suffered from water ingress from failures in the roof of the building. He said that the Applicant had failed to manage the building effectively since 2017, and that repairs and internal redecoration were overdue. He did not, however, provide evidence that any of the work for which the leaseholders had been asked to pay had not been carried out to a reasonable standard, or was carried out at an unreasonably high cost.
20. Finally, the Respondent said that in or about 2018 there had been a change in the Applicant, in that the directors had resigned and a single director had taken control of the company. The Respondent objected that this change had taken place without consultation with the leaseholders, and that no notice or explanation had been given. He said that the single director currently in office had not only failed to call AGMs, but had failed to manage the building properly in the interests of the leaseholders.

THE APPLICANT'S CASE

21. The Applicant confirmed that faults in the roof had been the subject of patch repairs from time to time. There had been water ingress from the roof and also following the installation of a smoke vent in 2022. The Applicant's bundle contained inspection reports itemising problems with leaks and staining, as well as scuff marks and other minor areas of damage. The Applicant further admitted that the area around the open refuse bins tended to become dirty and littered.
22. Mr Duffy gave evidence that a section 20 consultation procedure had been undertaken with a view to replacement of the roof since the patch repairs had proved ineffective, although he said that currently there was no water penetration. He confirmed that plans for providing a covered area for the refuse bins had not progressed as the Applicant had hoped, due to pressure of space within the carpark, which was under separate ownership and management. He said that the Applicant would be able to undertake redecoration and minor repairs within the common parts of the building once arrears of service charges had been recovered.
23. In response to questions from the Respondent, Mr Duffy said that Central Property Management as managers could not themselves call an AGM of the Applicant company. He was unaware of some of the demands for an AGM the Respondent had sent to Central Property Management since 2018 but said that staff there would have forwarded the Respondent's requests to the Applicant. He said that he was unaware of promises by anyone at Central Property Management to hold an AGM, since this was a matter for the Applicant. Mr Rule pointed out that as a shareholder the Respondent himself, together with one or more other leaseholders, could serve a formal notice to call an AGM. The Respondent confirmed that he was unaware of the procedure for doing this.
24. Mr Duffy further said that he was willing to meet any leaseholder in his office in order to disclose the invoices supporting the service charge accounts, and to provide any explanations that were required, and that he had in fact had such meetings with more than one leaseholder. The Respondent said that he had not requested such a meeting himself, since he felt that an AGM which all leaseholders could attend together was much to be preferred. The Respondent said that he would find it difficult to call an AGM with other leaseholders since many of the flats were

occupied by sub-tenants. However, Mr Duffy gave evidence that he had recently received a request from a leaseholder for the contact details of other leaseholders with a view to forming a Right to Manage company, and although he could not supply those details he had undertaken to forward notices and communications to the building's leaseholders when requested to do so.

CONCLUSION

25. The Tribunal finds that the Respondent has failed to provide a valid reason for non-payment of the service charges and administration charges demanded by the Applicant since 2017. The Applicant's failure to hold an AGM is not a valid reason for non-payment. The Respondent has taken no effective steps to have an AGM called. He has not sought a meeting with the managing agents at which they could enable him to inspect supporting invoices and otherwise explain to him the detail of the service charges.
26. Further, the Respondent has not identified any specific service charge item which he considers to be excessive and has not, in respect of any service charge item, provided evidence that a lower cost would have been available. He has not shown that any services or facilities provided by the Applicant have been of a standard which did not justify their cost.
27. The Tribunal finds that an administration charge of £180 is entirely reasonable in view of the large arrears on the Respondent's service charge account.

COSTS

28. The Respondent made an application under section 20C of the Landlord and Tenant Act 1985 for an order that the Applicant's costs of this application should not be added to his service charge account. That order is refused, since the Applicant's claim for arrears is justified and the service charges are found to have been reasonable and payable.
29. The Applicant supplied a costs summary, seeking an order in respect of its costs of this application. The Tribunal does not have a general costs jurisdiction and costs do not necessarily follow the event in tribunal proceedings. The Tribunal in any

event would decline to make a costs order in view of the risk of duplication with costs incurred in the County Court. Costs, interest and any judgement for sums due are properly to be subject to orders made by that court.



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Date of Correction : 9 April 2025

CERTIFICATE

Pursuant to paragraph 50 of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013

Paragraph 1 of the decision dated 31 March 2025 shall be amended by the substitution of the correct references to the parties, to read as follows:

1. Service charges payable by the Respondent are as demanded by the Applicant for the years ending 31 March 2018 to 31 March 2024 inclusive, subject to year end adjustment of the service charges budget for the year ending 31 March 2024.