



FIRST-TIER TRIBUNAL  
PROPERTY CHAMBER  
(RESIDENTIAL PROPERTY)

Case Reference : MAN/00BR/HNA/2023/0023

Property : 151 Manchester Road, Worsley, Manchester, M28  
3JT

Applicant : Richard Brown

Representative : Michael Field, Freemans Solicitors

Respondent : Salford City Council

Representative : Paul Whatley, Counsel

Type of Application : appeal against a financial penalty – s.249A &  
Schedule 13A to the Housing Act 2004

Tribunal Members : Judge P Forster  
Mr J H Lewis FRICS

## Decision

The final notice dated 7 February 2023 is quashed.

## Introduction

1. The Appellant, Richard Brown, appeals against a financial penalty imposed by the Respondent, Salford City Council, under s.249A of the Housing Act 2004 ("the Act") in respect of 151 Manchester Road, Worsley, Manchester, M28 3JT ('the Property'). The penalty was imposed for an offence under s.72(3)(b) of the Act.

2. It is alleged there were breaches of reg.4 of the Management of Houses in Multiple Occupation (England) Regulations 2006 ('the 2006 Regulations')

3. At the time of the alleged offence, the Appellant was the sole director of Want This Room Ltd. ('WTR'). It is alleged that the Appellant, as sole director, was the person responsible for the alleged breaches of the management regulations at the Property.

4. On 14 December 2022, the Respondent served a notice of intent on the Appellant in respect of the Property. The proposed penalty was £18,000. The Respondent received written submissions on behalf of the Appellant on 6 January 2023. A final notice dated 7 February 2023 was served on the Appellant imposing a reduced penalty of £10,850.

5. The Tribunal did not inspect the Property. The hearing was conducted by video on 12 May 2025. The Appellant was represented by Michael Field, Counsel, and the Respondent by Paul Whatley, Counsel. The Tribunal heard evidence from the Appellant, Richard Tacagni and Criag Condon on behalf of the Respondent and submissions from the parties' representatives before it reserved its decision.

## The issues

6. The issues are (1) is the Appellant as a director of WTR liable to be proceeded against? if yes, (2) was an offence committed? and (3) the amount of any penalty to be imposed.

7. The primary issue to be determined by the Tribunal before it addresses the other matters in dispute is whether the Appellant is liable to prosecution as the sole director of WTR.

## The Respondent's case

8. The offence underpinning the financial penalty is breach of reg.4 of the 2006 Regulations. The party liable for the breach is the manager of the Property as defined in s.263(3) of the Act.

9. The manager is WTR, a company of which the Appellant is the sole director and a person with significant control. This is not in dispute.

10. S.251 of the Act provides that a director of a body corporate is liable to be proceeded against if the offence has been committed with 'the consent or connivance of, or to be attributable to any neglect on the part of (the director)'.

11. The Respondent alleges that the Appellant was negligent and that the legal test for imposing a financial penalty on the director under s.251 is met.

### The Appellant's case

12. The test for imposing a financial penalty on the director of a limited company has not been met. Any offence that may have been committed cannot be attributed to any neglect on the part of the Appellant as a director of WTR as stipulated in s.251 of the Act.

### The Law

13. S.251 of the Act provides for the liability of a director of a company when an offence has been committed.

14. As relevant, s.251 reads:

(1) Where an offence under this Act committed by a body corporate is proved to have been committed with the consent or connivance of, or to be attributable to any neglect on the part of—

(a) a director, manager, secretary or other similar officer of the body corporate, or

(b) a person purporting to act in such a capacity,

he as well as the body corporate commits the offence and is liable to be proceeded against and punished accordingly.

### Reasons for the Decision

15. The appeal is a re-hearing and the Tribunal will make its own decision on the issues to be determined. The decision is to be reached upon the facts as found by the Tribunal notwithstanding that some of those facts might not have been known to the Respondent at the time that it made its decision.

16. The Respondent alleges that the Appellant as the sole director of WTR is liable for the alleged breaches of reg.4 of the 2006 Regulations.

17. The Respondent relies on s.251 of the Act which sets out the position regarding the liability of directors when an offence has been committed by a body corporate.

18. It is not alleged that any offence was committed with the consent or connivance of the Appellant. The Respondent's case is that any offence was attributable to the Appellant's

neglect, specifically ‘...the Appellant has been negligent in the operation of [WTR] by not ensuring the adequate management of the property and not having proper systems in place to avoid the commissioning of the offence’.

19. Whether there has been neglect on the part of a director is fact sensitive.

20. The Tribunal heard evidence from Craig Condron who works in the Council's Regulatory Services Department about the inspection of the Property and the service of notices. There was some apparent confusion about the role of individuals and companies leading to notices being issued to WTR, The HMO Agency and Multi-Let Ltd. as well as well as the Appellant. Mr Condron was unable to provide any direct evidence showing that the Appellant was involved in the management of WTR.

21. The Appellant had widespread business interests at the time of the alleged offence. This included over 30 director appointments. The Appellant's companies manage 900 tenancies across 180 properties. The Appellant's evidence is that he spent 1-2 days per week working across the three property management groups, of which WTR was a part. He says that a small percentage of his time would have been spent on WTR.

22. The Appellant states there was a clear delineation of roles within the property group. The evidence of the management structure for the property group shows matters relating to property management for WTR which was the responsibility of a shadow director, Kemi Egan, and a team that worked under her. The Appellant says he was concerned with the money and Kemi Egan dealt with operational matters.

23. Ms Egan's position was examined in cross examination. The Appellant described Ms Egan as a '50% joint venture partner'. The Appellant referenced a joint venture settlement agreement with Ms Egan. However, she was not a director of WTR or any of the Appellant's other companies and she had no financial interest in the various businesses. The Appellant said that he chose to end his relationship with Ms Egan.

24. Mr Whatley pointed to a lack of evidence that Ms Egan existed but did not go so far as to suggest that she did not actually exist. The Appellant conceded that he had been naïve so far as Ms Egan was concerned which is not a characteristic the Tribunal would attribute to him.

25. The Appellant gave evidence and was questioned by Mr Whatley about his considerable experience in the residential property sector. He accepted that his role as a director was to put systems in place to manage properties but maintained that it was for others to operate them. He demonstrated a detailed knowledge of residential legislations and procedures but stressed that day-to-day operations were left to others. He said that he did not have personal awareness of issues that arose.

26. When the parent company, the Rosemount Group, acquired a number of companies including WTR, the Appellant states he was provided with the company overview and

organisational chart. He says he acquired a mature business and believed it was functioning to high standards from a compliance perspective. The Appellant claims that he received a quarterly compliance audit report which included the Property among numerous other properties across many locations.

27. The Appellant's evidence is that he was not made aware of any issues in respect of the Property and the first time he learned of any compliance concerns was on 8 August 2022 when he was passed an invitation to attend a meeting with the Respondent.

28. The Appellant mostly worked remotely from his home in Slough and the management of WTR was not under his immediate direction and control. He was not in day-to-day contact with what was being done. He was remote, in every sense, from the day-to-day operation of the management of WTR.

29. Mr Whatley, on behalf of the Respondent, urged the Tribunal to follow the money suggesting this established the Appellant's position. The Tribunal takes a different approach accepting the Appellant's description that he was responsible for financial matters leaving the day-to-day management to others employed for that purpose as part of the management structure.

30. The Tribunal found the Appellant to be very experienced in property rental in various capacities. He shows a detailed knowledge of the sector and has a keen awareness of his standing in the industry. The evidence establishes a clear management structure that he put in place that allocates responsibility for day-to-day activities to a number of people within the various companies. The Appellant was an honest witness who made concessions when necessary.

31. The Tribunal finds that it cannot be properly said that the Appellant exercised any neglect. He had a considerable portfolio of properties across many companies for which he was a director. He was entitled to rely on Ms Egan's expertise to manage the Property. He was not under a duty to supervise the running of WTR and it was proper for him to leave the running of the company to her.

32. The alleged offences must be proved to be attributable in some way or to some extent the director's neglect. 'Neglect' requires proof of more than a mere failure to see that the law is observed and requires the identification of a duty resting upon an individual to do a specific thing and a failure to do so. The Respondent has not proved neglect on the Appellant's part and no causal connection to the alleged offences.

Dated 18 August 2025

Judge P Forster

## **RIGHT OF APPEAL**

If a party wishes to appeal this decision to the Upper Tribunal (Lands Chamber) then a written application for permission must be made to the First-tier Tribunal at the Regional office which has been dealing with the case.

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

If the application is not made within the 28-day time limit, such application must include a request for an extension of time and the reason for not complying with the 28-day time limit; the Tribunal will then look at such reason(s) and decide whether to allow the application for permission to appeal to proceed despite not being within the time limit.

The application for permission to appeal must identify the decision of the Tribunal to which it relates (i.e., give the date, the property and the case number), state the grounds of appeal, and state the result the party making the application is seeking