FIRST-TIER TRIBUNAL
PROPERTY CHAMBER (RESIDENTIAL PROPERTY)

Tribunal case reference	:	**CAM/00MX/LSC/2025/0642**
Properties	:	**8, 9, 10, 11 and 14 Poole Close, Aylesbury, Buckinghamshire HP21 9FG**
Applicants	:	**Mr M. Gardiner, Mr M. Asad, Mr D. Koziel, Ms L. Goody and Ms D. Majhu**
Representative	:	**Ms D. Majhu**
Respondent	:	**Metropolitan Housing Trust Limited**
Type of application	:	**Liability to pay service and administration charges (sections 27A and 20C Landlord and Tenant Act 1985; paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002)**
Tribunal members	:	**Judge M. Hunt** **Judge V. Lloyd** **Mr I. Perry**
Date of hearing	:	**8-9 December 2025 (remote hearing)**
Appearances at hearing	:	**Ms D. Majhu (for the Applicants)** **Mr J. Beresford (for the Respondent)**
Date of decision	:	**23 December 2025**

DECISION

1. All service charges demanded from the Applicants for all service charge years since 1 April 2015 are payable in full, subject to the following exceptions.

    a. Only 2/3 of the costs of cleaning the common parts of the Building in service charge year 2020/2021 are relevant costs for the calculation of the Applicants' service charges for that year.

    b. None of the costs of bulk rubbish collection are payable by the Applicants for any of the service charge years in dispute. In respect of service charge year 2024/2025, this order only takes effect from 31 January 2026 and only if the Applicants are still to be sent their final service charge certificates for that service charge year by that date.

    c. In respect of service charge year 2024/2025, only £76.87 of the estimated costs of the "fire maintenance contract" are payable by each Applicant. This order only takes effect from 31 January 2026 and only if the Applicants are still to be sent their final service charge certificates for that service charge year by that date.

    d. In respect of service charge year 2023/2024, £187.20 of the "communal repairs" is not a relevant cost for the purpose of calculating the Applicants' service charges.

    e. In respect of service charge year 2024/2025, only £460 of the estimated cost of insurance is payable by each Applicant. This order only takes effect from 31 January 2026 and only if the Applicants are still to be sent their final service charge certificates for that service charge year by that date.

    f. None of the costs of CCTV services are payable by the Applicants for any of the service charge years in dispute.

    g. A total of £280 of the "management fee" demanded from the Applicants over the service charge years in dispute is not a relevant cost for the purpose of calculating the Applicants' service charges.

2. Only 50% of the Respondent's costs incurred, or to be incurred, in connection with these proceedings is chargeable to the Applicants by way of service charge.

3. None of the Respondent's costs incurred, or to be incurred, in connection with these proceedings is chargeable to the Applicants by way of administration charge.

REASONS

Introduction

1. The Applicants are the leaseholders of flats 8, 9, 10, 11 and 14 Poole Close, Aylesbury, Buckinghamshire, HP21 9FG (the "Flats"). Their leases have a term of 125 years from 31 March 2010. The Flats are situated at one end of a three-storey building comprising 18 flats in total. The Respondent is the freeholder of the building and surrounding areas (known as the "Estate").

2. The building is arranged into three "sections", each accessed by a separate common entrance and stairway. I will refer to each as a "Block". Each Block is largely independent of each other, in the sense that there is no internal access between them. All of the Flats are situated within the same Block of the building, alongside one further flat at 12 Poole Close, the leaseholder of which is not part of this application. The Tribunal will refer to them together as "Flats 8-14" (there is no flat 13). These six flats are all "shared ownership" properties. The remaining flats numbered 15-26 Poole Close are spread over the two remaining Blocks and all are let according to shorter-term tenancies. The Tribunal will refer to them as "Flats 15-26".

3. The Applicants each pay the Respondent a "service charge" for services they receive, including cleaning, insurance, maintenance and general management. The Respondent pays its own costs of services provided to Flats 15-26, although in reality those costs are recovered as part of the rent received from the tenants of those flats.

4. The Applicants wished to challenge the amount of the service charges demanded by the Respondent relating to service charge years 2015/2016 to 2025/2026. The parties had cooperated in the preparation of a schedule of disputed issues for the Tribunal to determine, which was most helpful.

5. In determining the application, the Tribunal heard submissions and evidence from the parties. It also considered a large file of documents, together with a few further documents provided in advance of and during the hearing. It is grateful to all for their attendance, evidence and submissions.

6. One of the main issues in dispute concerned whether the parties' leases required the Applicants to pay certain costs demanded from them by way of service charge. The Tribunal will outline the law it has to apply, followed by the salient terms of the leases and a brief explanation of the issues, before addressing each one in turn. Few findings of fact had to be made but, when they did, they were made on the balance of probabilities in light of all of the available information.

Relevant law

7. The Landlord and Tenant Act 1985 provides a statutory framework for the management of service charges imposed by a landlord on a tenant. Section 18 provides a broad definition of "*service charge*" and "*relevant costs*".

8. Section 19 limits the amount of "*relevant costs*" that can be recovered through a service charge, as follows.

> "***19. Limitation of service charges: reasonableness***
>
> *(1) Relevant costs shall be taken into account in determining the amount of a service charge payable for a period—*
>
> *(a) only to the extent that they are reasonably incurred, and*
>
> *(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 the amount payable shall be limited accordingly*".

9. In relation to "on account" service charges, section 19(2) provides as follows.

> "*(2) Where a service charge is payable before the relevant costs are incurred, no greater amount than is reasonable is so payable, and after the relevant costs have been incurred any necessary adjustment shall be made by repayment, reduction or subsequent charges or otherwise*".

10. Section 27A explains how service charge disputes are to be resolved. It provides as follows, so far as is relevant.

> "***27A. Liability to pay services charges: jurisdiction***
>
> *(1) An application may be made to the appropriate tribunal for a determination whether a service charge is payable and, if it is, as to—*
>
> *(a) the person by whom it is payable,*

(b) the person to whom it is payable,

(c) the amount which is payable,

(d) the date at or by which it is payable, and

(e) the manner in which it is payable.

(2) Subsection (1) applies whether or not any payment has been made".

11. Section 20C of the Landlord and Tenant Act 1985 provides that a landlord's costs in connection with legal proceedings, such as the application before this Tribunal, can be excluded from a service charge.

> "***20C. Limitation of service charges: costs of proceedings***
>
> *(1) A tenant may make an application for an order that all or any of the costs incurred, or to be incurred, by the landlord in connection with proceedings before a court, residential property tribunal or leasehold valuation tribunal or the First-tier Tribunal, or the Upper Tribunal, or in connection with arbitration proceedings, are not to be regarded as relevant costs to be taken into account in determining the amount of any service charge payable by the tenant or any other person or persons specified in the application.*
>
> *...*
>
> *(3) The court or tribunal to which the application is made may make such order on the application as it considers just and equitable in the circumstances*".

12. A similar provision in relation to administration charges is found at paragraph 5A of schedule 11 to the Commonhold and Leasehold Reform Act 2002.

13. Rule 13(2) of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013 allows the Tribunal to order a party to reimburse another party for any Tribunal fees paid.

14. General contractual law principles apply to the payment of service charges. To the extent that a lease does not require a leaseholder to pay for services, they are not obliged to do so.

The leases

15. The Applicants' leases are all in substantially the same terms; the Tribunal will refer to them simply as the "Lease". The Lease explains the parties' agreement and includes a plan. The plan shows the building within which the Flats are situated and part of the Estate. The plan appended to the Lease has a red line drawn around the

walls of the relevant Flat, and another around the car parking space associated to that Flat.

16. At the start of the Lease is a section entitled "land registry prescribed clauses". At section LR4, the property is defined as "*[number] Poole Close Aylesbury Buckinghamshire HP21 9FG on the [relevant] Floor of the Building which is shown edged red on the Plan and as specified in Schedule 1 (The Premises) and Schedule 9 (Defined Terms) of this Lease*".

17. Schedule 1 describes the "Premises". It explains the parts of the Flat that are included in the definition and that it also includes "*the surface of the parking space (if any)*". It states that the Premises do not include "*the load bearing framework and all other structural parts of the Building*". Nor do they include "*the roof, foundations, joists and external walls of the Building*".

18. Schedule 9 defines the "Building" as "*the building of which the Premises from part and each and every part of the Building and the car park, service or loading area, service road and any other areas the use and enjoyment of which is appurtenant to the Building, whether or not within the structure of the Building*".

19. It defines the "Common Parts" as "*those parts of the Building (whether or not within the structure of the Building) to be used in common by any of the Leaseholder, other tenants and occupiers of the Building, the Landlord, and those properly authorised or permitted by them to do so, and "Common Parts" includes (but without limitation) the atrium and entrance hall, corridors, lobbies, staircases, external pavements, car park, and its ramp, service and loading areas, service road, gardens and other such amenities…*".

20. After the "prescribed clauses" section of the Lease is a short section entitled "Particulars" (which is referred to by the same name in clause 1.11 of the Lease and Schedule 9). Of relevance, the Particulars indicate that the "Specified Proportion" is "*A fair proportion*". This is relevant to the service charge provisions of the Lease, to which I will return.

21. Clause 3.8(a) of the Lease requires the leaseholder not to alter the structure of the Premises or "*to interfere with the outside of the Building*". Clause 3.14 requires the leaseholder to permit entry to the Respondent and "*the lessees of other premises in the Building … for the purpose of repairing any adjoining or neighbouring premises*".

22. Clause 3.23 requires the leaseholder not to do anything which may render void "*any policy of insurance on the Buildings or the Estate*".

23. In clause 4, the leaseholder covenants "*with and for the benefit of the tenants and occupiers from time to time of the other premises in the Building as follows*". The Lease then lists a number of obligations, including to "o*bserve the covenants set out in Schedule 2 (Mutual Covenants)*". Also, to comply with any regulations the Respondent may make "*relating to the putting out of refuse for removal, traffic on the Estate*" or anything else for the safety, orderliness and cleanliness of the Estate, Building or the Common Parts. Schedule 2 requires the leaseholder not to cause a nuisance to anyone who lives "*in the Building or the locality of the Premises*" (paragraph 1) or to play music that causes annoyance "*to the owners lessees or occupiers of any of the other units*" (paragraph 7). Paragraph 15 prevents the use of "*any part or parts of the Building or Common Parts*" for games that may inconvenience "*any other person or persons living on any part of the Estate or the owners lessees or occupiers of other units in the neighbourhood*". Paragraph 16 requires the leaseholder not to deposit articles, refuse or litter "*in or upon any part of the Building or the Estate*". Paragraph 17 requires the leaseholder to clean up graffiti "*on any part of the Building or the Estate*".

24. The Respondent's covenants are found in clause 5. They include "*to keep the Building insured against loss or damage by fire and such other risks as the [Respondent] may from time to time reasonably determine … in some insurance office of repute to its full reinstatement value*". They also include to maintain and repair "*the roof foundations and main structure of the Building and all external parts thereof including all external and load-bearing walls*". The Respondent must also keep the Common Parts "*cleaned and lighted*". It must also procure that "*every lease or tenancy of any flat in the Building*" shall contain similar covenants to those set out in Schedule 2.

25. Clause 6.5 indicates that every "*internal wall separating the Premises from any other part of the Building shall be a party wall severed medially*".

26. Schedule 3 contains various easements from which the Flats benefit in accordance with clause 2. They include the "*right to subjacent and lateral support and to shelter and protection from the other parts of the Building*" and to "*enter upon other parts of the Building*" to repair the same. They also include the benefit of any utilities or drainage through any conduits "*in under or passing through the Building or any part thereof*".

27. Schedule 4 reserves to the Respondent "reciprocal" rights granted by clause 2. Those rights also extend to permitting the Respondent to maintain easements or services "*for the benefit of any part of the building or any adjoining property of the landlord*" and to execute works to, or rebuild, "*any of the buildings erected on the landlords adjoining and neighbouring lands or other parts of the building*".

28. In respect of the service charge, the covenant to pay the "Service Charge" is in clause 7.1. Schedule 9 defines the "Service Charge" as the "*Specified Proportion of the Service Provision*". As explained above, the "Specified Proportion" is simply a "fair" proportion. The definition of the "Service Provision" simply refers back to clause 7. Schedule 9 defines that the "Account Year" ends on 31 March.

29. The service charge provisions operate as follows. Firstly, they explain what services the Respondent must provide. They include insurance of the Building and the maintenance of the Building and its Common Parts. The costs incidental to providing those services are also recoverable under clause 7.4(c): "*all reasonable fees, charges and expenses payable*" to contractors as well as, in circumstances where employees of the Respondent undertake such work, "*a reasonable allowance*" for it.

30. Secondly, the Respondent is to estimate its annual expenditure on those services. It may augment this estimate by requiring a contribution towards a "reserve" fund to put towards less frequent works when the need arises, such as major repairs and external redecoration (clause 7.3). A "fair proportion" of this estimate is payable by the leaseholder, who must pay it monthly "*by equal payments in advance*" (clause 7.1). The Tribunal refers to this as the "on account" service charge.

31. Clause 7.5 explains that, at the end of each Account Year (i.e. 31 March), the Respondent will certify whether the "on account" service charge exceeded or fell short of the actual expenditure for the year. Any "overpayment" is to be credited to the leaseholder. Alternatively, a "balancing charge" will be demanded.

32. Clause 7.6 specifies that the Respondent will pay a sum equivalent to the Service Charge "*for the period that any flats in the Building are not let on terms making the tenant liable to pay a service charge corresponding to the Service Charge payable under this Lease*" (clause 7.6).

33. Clause 3.1 contains a covenant to "*pay the Specified Rent at the times and in the manner mentioned in Clause 2 (The Letting Terms) and all other monies due under this Lease without deduction (or abatement whatsoever and not to exercise or seek to exercise any right or claim … to legal or equitable set off)*".

The issues

34. The overriding issue for the Tribunal is whether any or all of the service charges under challenge are payable. A "preliminary" issue, which impacted to some extent most of the disputed service charges, was whether – as a matter of principle – the Applicants are required by the Lease to contribute to the Respondent's costs of maintaining the whole building within which the Flats are situated, or only their Block. A decision on this point was made and communicated to the parties at the hearing and will be repeated here.

35. In respect of service charge years 2024/2025 and 2025/2026, no final accounts were yet ready. Accordingly, the Tribunal was only able to consider the reasonableness of the "on account" service charges demanded for those years.

36. A final issue is whether the Tribunal should make any orders on account of costs.

The service charges

Preliminary issue – the definition of the "Building"

37. The Applicants hold long leases over their Flats and treat them, and the common parts to their Block, with care. They said that the tenants of Flats 15-26, as more short-term residents, were not so careful. Accordingly, the common parts to their Blocks suffer greater degradation and require more maintenance.

38. The Respondent has decided to apportion all of the maintenance costs concerning the building equally between all 18 flats. The Applicants therefore pay 1/18 of those costs (as does their neighbour in flat 12). The Respondent contributes the rest as freeholder of Flats 15-26 in accordance with clause 7.6 of the Lease.

39. The Applicants are aggrieved by this as they view it as though they are "subsidising" the Respondent's costs of maintaining the common parts around Flats 15-26. They are making considerable efforts themselves to keep maintenance costs low, but are largely losing that benefit due to their less diligent neighbours.

40. An example was given of the state of the carpets and internal paintwork in each Block's common parts: the Applicants state that their Block is in no need of work, whereas the common parts of Flats 15-26 may well need to be redecorated and recarpeted soon. As an indication of scale, the Tribunal was told that the cost of that work was estimated to be around £18,000 (across the entire building). That is roughly £1,000 for each Applicant, for a service that they say they do not require

because they have made specific efforts to keep their Block's common parts in better repair. If we assume that is correct and that the Respondent only needs to arrange works to the common parts of Flats 15-26, that work might cost around £12,000 of which each Applicant would contribute around £667 (assuming a proportionate reduction to the estimated costs). Understandably, they would not want to pay that for a service from which they would not benefit.

41. Although the Tribunal did not undertake a thorough audit of past service charge invoices, it appears that the majority of maintenance costs over the years have indeed been incurred in relation to Flats 15-26. Not exclusively though.

42. The Tribunal was told (and accepted) that the different tenure between Flats 8-14 and Flats 15-26 had always been planned. Only Flats 8-14 were ever intended to be subject to "shared ownership" leases with Flats 15-26 being let to what were referred to at the hearing as "general needs" tenants (subject to shorter tenancies, for instance assured shorthold).

43. As to the operation of the service charge, it does not appear to have been handled consistently over the years. Some years, the Applicants have only had to contribute 1/6 each to the costs specifically associated to their Block. The Respondent could not explain why that was, stating simply that costs should always have been split equally between all flats on the basis of a 1/18 apportionment. It does not wish to "re-open" the matter for past years, however, neither do the Applicants as that was precisely the arrangement for which they were pleading. Fortunately, it appears that no exceptional expenditure has been incurred over the years in dispute to suggest the matter is of major significance at this stage.

44. Practically speaking, the service charge can be operated either way with little real difficulty. This is because the Respondent has accounting "codes" that can differentiate between costs spent on Flats 8-14 and those spent on Flats 15-26, due principally to their differing tenure. In reality, the Respondent combines the expenditure under each "code" and then divides the total by 18. Presumably all that happened in the years when the Applicants paid only 1/6 of their Block's costs is that that second operation was not done; the Applicants simply paid 1/6 each of the costs "coded" to Flats 8-14.

45. The Tribunal had considerable sympathy for the Applicants' position. However, as matters could not be agreed between the parties, it had to determine the matter in accordance with the Lease. It need not dictate what the Respondent must do, only find whether the service charges demanded on the basis of a 1/18 apportionment were payable.

46. The Tribunal reached the view that, on proper interpretation, there was nothing in principle to prevent the Respondent apportioning the service charges as it did. That applies, in fact, to both the 1/6 and 1/18 apportionment where relevant. I will deal, firstly, with the Applicants' main argument that the Lease only obliges them to contribute to the costs of their Block. I will then explain why either apportionment would be valid.

47. As to the Applicants' main argument, they believe the term "building" (and therefore "Building") in the Lease should be construed to mean their Block, Flats 8-14 only. The Respondent says it means the entire building, including all three Blocks.

48. The Tribunal found it was the latter. The definition of the "Building", as recorded above, shows that it encompasses both "the building" and its car park, service road and other appurtenant areas. The "natural" meaning of a "building" means a single structure. Here, all of the Blocks were contiguous, in an easily identifiable and detached structure. The Tribunal accepted that the term "building" can sometimes be used to refer to an isolated part of a larger structure, but it is not so common. The Tribunal concluded that the starting point should be its most natural usage where that fits the context; in this case the term "building" would be a reference to the whole structure. The Lease must then be considered as a whole to determine whether that interpretation is supported or not.

49. In this case, the plan appended to the Lease includes only a single red line around a particular Flat, on a single floor of the building (ignoring the associated parking space for present purposes). No other area is highlighted as might often be found in a lease. No outline of the "Building" is given to suggest any particular interpretation, either of the defined term or simply "the building". To the extent the Flats are defined in the "prescribed clauses", the reference to the "Building" cannot therefore be to the area "*shown edged red on the Plan*" as that area relates purely to each individual Flat, including no common parts whether internal or external, and does not extend to multiple storeys.

50. Most of the other Lease references to the Building can in reality be interpreted either narrowly or widely, which is perhaps unsurprising. Both the entire building and just the Block containing Flats 8-14 have common areas. There are costs associated to both, which are capable of being separately identified. There are many references to the "Estate", which mean that the Lease would operate adequately to authorise and restrict certain activities whichever interpretation is used. All Lease references to the Building were explored at the hearing, which simply reflected that the Lease could operate satisfactorily under both possible alternative meanings of the term building.

51. The most relevant excerpts of the Lease have been cited above. In favour of the Applicants' position, there is a reference in clause 3.23 to not doing anything to void insurance on "*the Buildings*", which suggests there could be multiple buildings. However, this is not a defined term, there are in fact separate buildings within the Estate and it could just as well be a typographical error. Quite what a leaseholder could do to void insurance over a building in which they have no interest or responsibility was also distinctly unclear.

52. Some of the rights reserved to the Respondent in Schedule 4 mention "*the buildings*", the "*other parts of the building*" and "*adjoining property*". This perhaps came closest to suggesting that the structure might be considered to be made up of separate "buildings", but it uses the singular term "building" for the most part which undermines that analysis.

53. In Schedule 2, some of the leaseholder covenants refer simply to the occupiers of "*other units*", without stating "within the Building", which could possibly be taken as a reference to occupiers of other parts of the structure. However, that was far from clear.

54. As a matter of fact, it is true that Flats 8-14 are in a specific "wing" of the structure that is self-contained and, to an extent, structurally independent. For instance, it appears to have a separate roof, of a slightly higher elevation than the neighbouring Block. It has separate guttering. It has a separate electricity meter and bin store. The tenure is different. These facts were not disputed, but are not exceptional and do not necessitate that Flats 8-14 should be treated as a distinct building from Flats 15-26.

55. On the other hand, in favour of the Respondent's position, there are parts of the Lease that indicate that the building should be understood as encompassing the whole structure. Firstly, the definition of Building is broad and relatively unconstrained, including a reference to "each and every part" of it and external appurtenant parts. Secondly, the definition of Common Parts references their usage by "other tenants and occupiers of the Building", not by any other people on the Estate, despite the car park and access presumably being shared by all in the building. Thirdly, the Premises and the description of responsibilities for parts of it do not easily reflect the existence of either a party wall between one building and another or possible shared conduits. For instance, clause 3.4 only requires the leaseholder to keep in repair conduits "*used only for the Premises and not for other property in the Building*"; why state Building without referring also to "adjacent buildings" unless there are no such adjacent buildings? Similarly, in clause 3.8(a), why is the leaseholder only prevented from interfering with the "*outside of the Building*", rather

than all the walls bounding the Building, including walls separating it from adjacent buildings? In clause 3.14, why does the leaseholder only have to permit entry to other lessees "*in the Building*" rather than also to the lessees of any adjacent building? If there was a problem with the party wall, you'd expect entry rights to those living behind it. As to the description of "party walls" in clause 6.5, it only refers to those internal walls separating the Flat from "*any other part of the Building*", without any reference to how the party wall between adjacent buildings should be considered.

56. Fourthly, in relation to covenants, similarly unexplained difficulties arise. Why do clauses 5.6 and 5.7 only require the Respondent to include and enforce covenants against the leaseholders "*in the Building*", when it is the freeholder of the whole structure? The leaseholders of Flats 8-14 would ordinarily expect all neighbours, including in adjacent buildings, to be subjected to the same obligations and to be able to require the Respondent to enforce them.

57. Fifthly, in relation to easements, it seems the leaseholder only has the right to "*subjacent and lateral support … from the other parts of the Building*". No mention is made of similar rights as against any adjacent building, which would be peculiar as they share a wall. Similarly, the leaseholder only has the right to free passage of utilities through the Building; what if there are pipes or cables passing through the adjacent building?

58. Finally, throughout the Lease, there are numerous references to "leases" or "lessees" seemingly in juxtaposition with references to "tenancy" or "tenants" or addressing the different foreseen tenures across the Building. For example in clauses 3.14, 5.3, 5.6, 7.6 and schedule 2(2). Such referencing is by no means consistent, however.

59. With all this in mind, although the Lease could potentially operate on the basis of either interpretation of "building", it is both a more natural use of the term and better suits the other provisions of the Lease if it is taken as referring to the whole structure. Accordingly, the Tribunal concluded the correct interpretation of the term "building" and therefore "Building" is as a reference to the entire structure within which the Flats are situated, not just their Block. Accordingly, there is nothing in the Lease to prevent the Respondent from demanding service charges from the Applicants relating to the costs of services provided to the Blocks containing Flats 15-26, where the apportionment of those costs is fair.

60. This brings us on to the second issue to consider, which is whether the Applicants can be obliged to pay a 1/18 share of the costs of services provided to the Building. The Lease allows the Respondent to demand the Applicants pay a "fair" proportion of the costs of the services provided. The Tribunal determined that both approaches

to apportionment as detailed above are potentially fair, i.e. 1/18 of building-wide costs, or 1/6 of Block-specific costs.

61. The issue in any given service charge year will be whether, in that year, the apportionment chosen is fair. That is a matter over which the Respondent benefits from considerable management discretion. The Tribunal will only ever interfere if that discretion has been exercised unreasonably. There is nothing inherently unreasonable or unfair about deciding to share costs equally between all flats in the Building. It mutualises risk and introduces administrative simplicity.

62. The Respondent's discretion is not, however, unfettered. For instance, if there was a "switch" between methodologies that had been specifically decided upon due to considerable expenditure being foreseen on only one or other parts of the building as between Flats 8-14 and Flats 15-26. In that scenario, the "switch" may be considered unreasonable and unfair. I will give the example of a costly roof repair. Let us assume that the Respondent operated the service charge on the basis the Applicants each paid only 1/6 of the costs of the services provided to their Block and that the roof to Flats 15-26 required a major repair. If the Respondent decided to "switch" to a 1/18 building-wide apportionment specifically with the intention of having the Applicants contribute to the costs of the repair, there is a strong chance that such a "switch" would be considered an unreasonable and unfair exercise of management discretion.

63. In the case before this Tribunal, there was no evidence of any such "opportunistic switch" between apportionment methodologies in any relevant service charge year. The closest suggestion of this may have been in respect of insurance, to which I will return in a separate part of this decision. Accordingly, there was nothing unreasonable or unfair about the choice of apportionment methodology in any service charge year in dispute such that any service charge should not be payable exclusively on this basis. Either approach was fair, in principle.

64. That is not entirely the end of the matter, however. Even if either apportionment methodology is reasonable "in principle", there may be exceptions where to split all relevant costs equally will be manifestly unfair. In this case, the Tribunal decided that there was one such exception, related to the cost of bulk waste removal, another matter to which I will return. That was the only exception that the Tribunal found for the service charge years in dispute.

65. None of this analysis prevents the parties from reaching agreement as to the appropriate apportionment of costs in any given year or indeed to "switch" indefinitely to the Applicants' proposed apportionment methodology. The Tribunal

understood the parties might enter into discussions about that and would encourage that to the extent it might avoid "after the event" disputes such as the present proceedings. If what the Applicants say about the respective states of the Blocks is true, and the Respondent's accounting "codes" do allow for the accurate allocation of costs as between them, it may well be worth giving proper consideration to "switching" to the Applicants' preferred apportionment methodology. This is especially so if that might prevent future disputes, which would be to nobody's benefit.

66. In relation to any specific works, there is no reason views on apportionment could not be exchanged in the context of any consultation that might take place in advance of those works taking place. For instance, if the Applicants are correct in saying that the common parts to their Block don't require redecoration, there may well be a good reason not to "mutualise" those costs between all the flats. If significant redecoration works are only undertaken to the other Blocks, apportioning the costs on a 1/18 basis could be considered unfair, especially if they result principally from the different tenures operated across the Building. Of course, there may be a danger of over-complicating matters when distinguishing which costs should be borne by each Block, hence the starting point (and often the end point) will nevertheless remain the Respondent's discretion.

All service charge years – management fee and reserve fund

Facts

67. In or around 2015, the Building (and the Estate) was acquired by Thames Valley Charitable Housing Association Limited ("TVH"). It had previously been owned by The Vale Housing Association Limited, which subsequently became part of the Sovereign Network Group. The Tribunal was unclear of the exact entity that owned the freehold at the point of transfer, so will refer to it simply as "Sovereign".

68. Prior to the transfer to TVH, no management fee for providing any services to the Applicants had been charged by Sovereign. Neither had contributions towards a reserve fund been sought. Sovereign was due to introduce a management fee with effect from 1 April 2015, but had stated to the Applicants that it would be introduced over a period of three years. The fee would have been £105 for service charge year commencing 1 April 2015, then £157.50 for 2016/2017 and finally £210 from 1 April 2017 onwards. It was to be a fixed yearly fee.

69. In advance of introducing the management fee, Sovereign had sought a declaration from the Tribunal as to whether it would be payable. The decision in case reference

CHI/24UB/LSC/2014/0079-91/0111-0113/0117/1119 shows that the Tribunal was satisfied that it was reasonable and payable. It stated that it was "*at the very top end of the bracket that it would find reasonable*". However, in the same paragraph it wrote "*£210 per year is not the lowest figure it is about average for properties outside London*".

70. On acquiring the Building, TVH introduced a management fee but did not follow Sovereign's proposed course of action. It applied its own management fee structure, without tapering. It was also a fixed yearly fee, but higher – £251.65. It increased to £258.80 for service charge year 2016/2017 and remained the same until 31 March 2024. For service charge years from 2024/2025, it increased to £280.

71. Alongside the management fee, TVH began to seek contributions towards a reserve fund; £421.44 initially (in service charge years up until 31 March 2017) and then £384 (from service charge year 2018/2019 onwards). The change occurred around the time TVH merged with the Respondent. The Tribunal was informed the current balance stood at around £16,500 (presumably as at 31 March 2025). It accepted that evidence.

72. The Applicants were aggrieved at the level of the costs and their abrupt introduction, albeit at the hearing it was the latter issue they were pursuing.

Conclusions

73. The Tribunal felt it convenient to deal with these matters together, across all service charge years in dispute, as the issues and considerations were similar.

74. The Tribunal noted the Applicants' concerns, but had to be guided by the Lease. The Lease allows for the Respondent (or TVH at the time) to charge the Applicants "a reasonable allowance" for the management of the Building (clause 7.4(d)). It also allows for the Respondent (or TVH at the time) to seek an "appropriate amount" as a reserve.

75. The Tribunal therefore concluded that, in principle, both a management fee and reserve fund contribution could be demanded from the Applicants. Just because Sovereign may have determined to introduce a management fee gradually and not to seek contributions towards a reserve fund does not mean that TVH was required to adopt the same course.

76. The Tribunal then needed to determine whether each charge was reasonably incurred. It decided it was. Although a Tribunal had previously determined in 2015

that Sovereign's proposed management fee of £210 was at the "very top end of the bracket" that would be reasonable, this Tribunal was not bound by that finding. It noted also that, in the same paragraph of its decision, that Tribunal had found the management fee to be "about average", which struck this Tribunal as rather internally inconsistent. Also, the tasks the two Tribunals were performing were markedly different. The first was determining a reasonable management fee, contemporaneously and proactively, in the context of a landlord seeking to impose a new management fee structure. This Tribunal was asked to look at the matter ten years later and reactively, not only after a new landlord had acquired the freehold, but years after that "new" landlord had merged with an entirely separate entity. The Tribunal is of course able to use its expertise to determine what might constitute a reasonable management fee, but that process is not assisted when leaseholders wait years to bring the matter before it. The services provided by Sovereign and TVH were likely to be similar, but they may not have been identical. The difference between each management fee was £41.65 a year.

77. With all of this in mind, the Tribunal was not satisfied that the Applicants had proven that the management fee charged at any point was unreasonable in amount. Doing the best it could in casting its collective mind back ten years, mindful of the previous Tribunal's (albeit inconsistent) comments on the matter, this Tribunal did not consider that a management fee of between £250-260 per year was unreasonable for the Flats. In fairness to the Applicants, it did not appear that they genuinely considered the difference as significant.

78. Although it was sensible and generous of Sovereign to propose a gradual introduction of its management fee, the Tribunal found that TVH was not bound by that decision and was entitled to disregard it. Although section 27A of the Landlord and Tenant Act 1985 provides that mere payment of a service charge does not indicate agreement of it, the amount of time that has passed since both the tapered arrangement was made clear to the Applicants and then expired would rather suggest the contrary in this case. Although the Tribunal accepted to hear the Applicants' arguments, it will inevitably be slow to uphold such relatively historic service charge complaints without clear justification, including because a landlord will face significant challenges in providing good evidence of the reasons for any such past decisions, especially when the management has since changed. In this case, the Tribunal found that the Applicants had not proven that TVH acted unreasonably in demanding a "full" management fee from 1 April 2015 onwards.

79. As to the recent modest increase to £280 per year, it was not in dispute, but the Tribunal found there to be nothing unreasonable or irregular about that in any event.

80. With respect to the reserve fund, it is nothing other than good estate management to gradually put funds aside for periodic expenditure. A contribution of around £400 per year is not unreasonable. That Sovereign or its predecessors failed to make such provision previously was not a good reason for the Respondent (or TVH) not to; in fact, introducing such a fund was a sensible course. At some point, it might reach a level at which further contributions may be reduced or stopped for a period, but there is nothing excessive about the Respondent holding a reserve fund of around £16,500 for a building that was completed in around 2011. It may well be that the recent "stock condition survey" that the Respondent appears to have undertaken only very recently will provide a better medium-term view of the Building's condition (this is a matter to which I will return). If that allows the parties to better review what likely future maintenance will be required, the costs of that and a suitable corresponding reserve fund, so much the better. Again, the Applicants concerns appeared mostly to be that the contribution towards the reserve fund was demanded "too abruptly", but the Tribunal rejected that argument for similar reasons to the management fee taper.

81. Accordingly, the Tribunal concluded that all of the management fees and reserve fund contributions demanded since 2015 were payable in principle (subject to matters relating to the management fee that it is more convenient to address later).

All or most service charge years – cleaning of common parts

Facts

82. Every year, the Respondent arranges cleaning of the Building's common parts.

83. The Applicants do not dispute that they have to pay for this service, but submit that the cost is too high. Under Sovereign, the cost was apparently lower by around £123 per year. Cleaning costs have not been fixed year-after-year and have fluctuated somewhat. In 2017/2018, the annual cost per Applicant was around £175. It increased the following year to around £185, before dropping to around £135 in 2019/2020. It then increased again to around £180 and then dipped to around £170 in 2021/2022. It dropped to around £100 in 2022/2023, coinciding with a change in contractor from Cleanscapes Limited to Pinnacle FM Limited, and then stayed at a similar level (applicable also to the "on account" costs demanded until March 2026).

84. Additionally, the Applicants submit that during the covid-19 pandemic, in service charge year 2020-2021, little cleaning was undertaken due to restrictions on how people could undertake their usual activities.

Conclusions

85. The Tribunal again felt it convenient to deal with these matters together, across all service charge years in dispute, as the issues and considerations were similar.

86. The Tribunal noted the Applicants' concerns, but has to accept that the Respondent benefits from a good degree of management discretion about its choice of contractor. The Lease requires the Respondent (or TVH at the relevant times) to arrange for cleaning of the common parts to the Blocks. For administrative convenience the Respondent appointed a contractor operating nationwide to clean all of the properties under its management. The Tribunal was concerned to note that the purported savings that such an arrangement is expected to bring did not eventuate. Nevertheless, the Applicants had not engaged with the matter previously and the alternative quotes that they obtained for cleaning services dated from 2025. It will always be difficult for a leaseholder to establish that a landlord's management decisions have been made unreasonably if they have not presented alternative proposals in advance.

87. In this case, the Tribunal accepts that cleaning services could have been procured for less were the Respondent to have engaged a local contractor, certainly in service charge years up to 2022/2023. However, the Respondent benefits from managerial discretion and is not required by the Lease to seek the lowest possible cost for the service. It is possible that handling the matter at a national level allows it to procure cleaning services at a lower management cost and with less oversight required. It is clear that contracts and pricing were monitored to an extent, as the contractor changed in 2022.

88. The Tribunal therefore concluded that, subject to one exception, all cleaning costs were reasonably incurred and are payable in full. If the parties wish to consider alternative arrangements for future years, they should engage in good faith on the matter.

89. The one exception identified by the Tribunal relates to the cleaning costs incurred in service charge year 2020/2021. It was not disputed that the covid-19 "lockdowns" prevented cleaning services from taking place as regularly as programmed. Nevertheless, the Respondent was unable to provide good evidence that it had re-negotiated the cost of its cleaning contracts for that period. It was plainly incumbent on it to do so as part of its normal management function. If services are not provided, they should not be paid for. It appears that the Respondent ultimately paid a premium for arranging contracts at a national level with Cleanscapes Limited; the Tribunal would have expected it to have obtained concessions in exchange, even if

cleaning arrangements were "bolstered" at the times such cleaning did take place. It is hardly a significant concession for the contractor to agree not to pay for services it did not provide, especially in circumstances where the Government spent significant financial resources in supporting businesses facing difficulties due to the restrictions it put in place.

90. Accordingly, in relation to service charge year 2020-2021, the Tribunal determined that roughly a third of the year was likely to have been impacted by the various national restrictions, so it determined that a third of the cleaning costs for that year should not be considered relevant costs for the purposes of calculating the Applicants' service charges.

Most service charge years – bulk rubbish disposal

Facts

91. For most, if not all, years in dispute the Respondent has arranged for bulk waste disposal from the Building. The Applicants stated that this related exclusively to the removal of waste from the bin store serving Flats 15-26. Various photos were supplied, as well as invoices, demonstrating that this was indeed the case. The reason given was that "general needs" (i.e. shorter-term tenants) relocate more frequently and dispose of furniture or similar large items more regularly. This evidence was not disputed by the Respondent, but it submitted that it was a "service" that would also have been provided to the Applicants had they disposed of waste in similar manner.

Conclusions

92. Once again, the Tribunal felt it convenient to deal with these matters together, across all service charge years in dispute, as the issues and considerations were similar.

93. The evidence demonstrated that the costs of bulk waste disposal related exclusively to Flats 15-26. The Tribunal accepted that this was due to their different tenure. The Lease provides for the Respondent to make regulations "relating to the putting out of refuse for removal" (clause 4.2) and for the Applicants not to "leave or deposit … any goods parcels cases refuse litter or any other thing in or upon any part of the Building or the Estate" and to remove any such disorder (paragraphs 16-17 of Schedule 2). The Respondent commits to ensure any other tenants are subjected to the same obligations (clauses 5.6-5.7).

94. In these circumstances, the Tribunal found it distinctly unfair of the Respondent to consider that the Applicants should contribute to these specific costs. They are a

foreseeable result of the Respondent's decision to operate different tenures across the Building. It has clearly not sought to introduce, recognise or enforce the Lease obligations or its own regulations in respect of waste disposal. The responsibility for that lies only with itself and not with the Applicants.

95. Accordingly, the Tribunal found this was one clear instance in which the 1/18 apportionment of costs would be manifestly unfair. The only "fair" apportionment would be that the Respondent, as directly responsible for Flats 15-26, be responsible also for these costs in their entirety. Therefore, none of the costs of bulk refuse collection, in any of the service charge years in dispute, are relevant costs for the purposes of calculating the Applicants' service charges.

96. In respect of service charge year 2024/2025, the cost of bulk rubbish collection was estimated to be £26.59 per Applicant. The final service charge account for that year is expected to be ready during the course of January 2026. If so, the matter of the payability of the "on account" service charges will resolve itself as they will become final. However, the Tribunal declares that it was not reasonable to have considered these to be relevant costs for the calculation of the Applicants' service charges. No action however is required on this basis unless the final accounts are delayed beyond 31 January 2026, in which case this sum should not be considered payable and is to be credited to each Applicant.

Most service charge years – fire risk assessments and maintenance services

Facts

97. For most, if not all, years in dispute the Respondent has arranged for various fire safety inspections and tests to take place. The Applicants stated that their costs were excessive, providing alternative quotes for cheaper services.

Conclusions

98. Once again, the Tribunal felt it convenient to deal with these matters together, across all service charge years in dispute, as the issues and considerations were similar.

99. On analysis, the range of quotations obtained by the Applicants was not significantly different from the costs of the services provided. They were slightly cheaper, but not markedly so, and the exact extent of the services offered was unclear. On matters of this sort, the Respondent is entitled to seek to be confident in the quality and

consistency of advice and services it receives across the properties under its management.

100. The Tribunal found nothing unreasonable about these costs and found that they were payable in full across all service charge years in dispute. Certain "on account" costs may have been excessive in previous service charge years, but they had now been resolved by the effluxion of time. The Applicants had alleged certain charges were duplicated; the Respondent said that such charges had been credited back already. The Tribunal was not prepared to make any orders in this regard as the matter appears to have been resolved and it could not in any event be confident that the charges were in fact duplicates. For instance, there may well be different costs for assessments to the Building and to the Estate and it might be proper to record such entries separately in the service charge accounts.

101. The only exception related to service charge year 2024/2025, where the cost of fire maintenance was estimated to be £201.87 per Applicant. The final service charge account for that year is expected to be ready during the course of January 2026. If so, the matter of the payability of the "on account" service charges will resolve itself as they will become final. However, the Tribunal declares that it was not reasonable to have considered all of this sum to be a relevant cost for the estimation of the Applicants' service charges. Previous costs on this account had been in the region of £55-£75 per year (excluding fire risk assessments, which do not appear to be conducted every year and one was done in 2023/2024) and no good explanation was given for such a large increase. No action however is required on this basis unless the final accounts are delayed beyond 31 January 2026, in which case £125 per Applicant on account of this estimated expenditure should not be considered payable and is to be credited to each Applicant.

Most service charge years – communal lighting

Facts

102. The Respondent arranges for an electricity supply to the common parts of each Block. It has a "utilities team" that agrees contracts for the supply of electricity. The Respondent submitted that it will have as a key objective to obtain value for money. It is fair to assume that to be the case and the Tribunal did so. The provider of electricity has not been consistent over the years, nor do the yearly contracting periods align between the Blocks. This suggests that when each contract has come up for renewal, a choice has been made as to the provider with no "complacency".

103. Alternative quotations have been provided by the Applicants, but it was very unclear whether they were "like-for-like" or genuinely comparable to the agreements reached by the Respondent on any given contract renewal. The Tribunal also noted that the price of electricity has fluctuated significantly in recent years, so alternative quotes that were not from the same time are particularly unreliable comparables.

Conclusions

104. Once again, the Tribunal felt it convenient to deal with these matters together, across all service charge years in dispute, as the issues and considerations were similar.

105. The evidence demonstrated that the costs of electricity varied, but not that the Respondent had ever acted unreasonably in its procurement choices. Accordingly, these costs were payable in full across all service charge years in dispute.

Most service charge years – repairs

Facts

106. For most, if not all, years in dispute the Respondent has arranged for certain repairs to different areas of the Building. The Applicants submitted that these were mostly to the common parts around Flats 15-26 so were not payable by the Applicants. The evidence supported this to an extent, but some repairs were required to the Applicants' Block also.

Conclusions

107. Once again, the Tribunal felt it convenient to deal with these matters together, across all service charge years in dispute, as the issues and considerations were similar.

108. The Tribunal determined in this case that a decision to apportion the costs of occasional repairs across the whole Building was perfectly reasonable. Although the tenants of Flats 15-26 may be less careful than the Applicants, there was no evidence to suggest they caused any particular damage maliciously. These are precisely the sorts of issues that are difficult to predict and could occur anywhere within the Building. Unlike with the issue of bulk waste removal, the Respondent's management discretion was reasonably exercised and the Tribunal did not find it to have been unfair. Accordingly, the costs of repairs across all service charge years in dispute were payable in full.

109. However, for service charge year 2023/2024, the Respondent could not be sure that the invoice included at page 1592 of the hearing file related to repairs to common parts, rather than to a specific flat. On that basis, it generously accepted that the cost of £187.20 was not to be considered a relevant cost for the purpose of calculating the Applicants' service charges.

Service charge years 2023/2024 onwards – insurance

Facts

110. The Respondent procures insurance through a broker. It insures all of its properties under a single, multi-year, policy. The cost of the premium is then allocated to individual properties through a calculation methodology the origin and precise functioning of which was unclear, including to the Respondent. Letters sent to the Applicants when consulting about a potential change in insurer from 1 April 2024 stated that the calculation was performed by the insurer, on the basis of applying a set multiplier to each Flat's reinstatement value (pages 247, 254 and 264 of the file).

111. The letters explain that the Respondent has a dedicated procurement team that pursues a formal and organised tender process, seeking value for money. At the end of the process, the Respondent chose to change insurer from Zurich Insurance plc to AXA Insurance UK plc ("AXA") with effect from 1 April 2024. It noted that property reinstatement valuations had been reviewed and "*substantially increased in the last 5 years*" (p. 255 of the file). The Respondent also noted that the insurance market was "*hard*" and that it had "*not faced a market like this in over a decade*". Together with an increased claims history, all these matters resulted in a substantially increased premium. The insurance policy chosen covered "all risks", including flooding. The Building is not in an area prone to flooding.

112. The Applicants were given detailed information about the procurement process that the Respondent followed and how the overall premium had been divided between all properties insured based on their particular reinstatement value (pages 260-264 of the file). The Respondent had provided a table to explain the precise figures adopted (p.336 of the file). This table shows that the assessed reinstatement values of the Flats had almost doubled between 2020/2021 and 2023/2024, from around £105,500 to around £210,500. The corresponding yearly insurance premium increased from £93.40 to £410.25, which further increased to £453.75 in 2024/2025.

113. Prior to service charge year 2023/2024, the insurance premium for the Building had been apportioned equally between all flats. From 2023/2024 onwards, insurance costs were allocated to each individual flat in line with the detailed calculation outlined above. It appears that the reinstatement values for Flats 15-26 are lower than those for Flats 8-14. This resulted in the Applicants paying less than they might otherwise have done up until 31 March 2023. For service charge years 2018/2019 to 2022/2023, the difference between what the Applicants were actually paying, and what their allocated premium would have been, was in the region of £60-£80 per year. As the Applicants had been paying only around £35-£45 per year, rather than in excess of £100 per year, the increase to £410.29 was therefore even more marked.

114. The Applicants provided alternative insurance quotes they had received from 2025 showing significantly cheaper potential premiums, but the exact parameters and level of cover was unclear, as was the type of policy.

Conclusions

115. The Tribunal was concerned by the significant increase in insurance premiums demanded from the Applicants but found the Respondent's explanation for that relatively clear and compelling. The increase in both reinstatement values and premiums corresponded to the Tribunal's own knowledge and experience. Indeed, since they were recalibrated significantly higher in 2023, the reinstatement values seemed far more realistic than the previous values.

116. As to the change in apportionment methodology, as touched on above, this came closest to seeming unfair as the "switch" was clearly to the Respondent's benefit. However, there was nothing unreasonable about deciding to change to a flat-based assessment of insurance premium. As explained above, the choice of apportionment methodology is a matter over which the Respondent benefits from significant discretion. Although the premiums have increased substantially, it does not appear to have been a method chosen specifically to subject the Applicants to greater costs. The Tribunal was a little uncomfortable with the Respondent choosing to adopt a flat-level apportionment in respect of insurance, whilst maintaining a building-wide apportionment for other costs despite the issues raised by the Applicants in that regard, but it was satisfied there was an objective justification for the change such that it was not unfair or unreasonable.

117. As to the cost, the Tribunal noted that the Respondent is not required to choose the cheapest possible option, or to address insurance on a property-by-property basis rather than via a single "blanket" policy. These are matters within its discretion.

Either method is reasonable. The former may have the advantage of greater choice and a better ability to tailor insurance policies to a building's circumstances (for instance flood risk). It has the disadvantage of requiring significantly greater management time, no doubt greater broker commission and no doubt a less streamlined claims process. The latter has the advantage of administrative simplicity, likely resulting in various costs savings elsewhere than the premium itself. The Tribunal will rarely interfere in management decisions in this respect, unless presented with convincing evidence of unreasonable choices having been made (for instance choosing to insure for "all risks" (including flooding) if none of the Respondent's properties were in areas prone to flooding and where the specific costs of insuring against that risk were significant). Providing alternative insurance quotes largely "after the event", without having engaged in the specific consultation the Respondent launched or otherwise with regard to insurance will invariably make it challenging for a leaseholder to establish unreasonable conduct. The Applicants have not done so in this case. There was no convincing evidence of unreasonable choices having been made. That the leaseholders may not have received the insurance consultation letters is unfortunate, but they need not have waited for that and could have engaged otherwise with the Respondent in relation to insurance. Any Respondent failures in respect of the consultation and engagement with the Applicants is better addressed as part of its management fee, to which I will return.

118. Accordingly, the Tribunal found that the cost of insurance is payable in its entirety for service charge year 2023/2024. In respect of the "on account" costs demanded in service charge year 2024/2025, the cost of insurance was estimated to be £512.81 per Applicant. The final service charge account for that year is expected to be ready during the course of January 2026. If so, the matter of the payability of the "on account" service charges will resolve itself as they will become final. However, the Tribunal declares that it was not reasonable to have budgeted such a considerable sum bearing in mind the multi-year "blanket" agreement with AXA and that the revised reinstatement values were now relatively reliable. It was over £100 greater than the previous premium of £410.25. Although the final insurance figure for the year is now known to be around £453.75, it might not have been known at the time. Nevertheless, it is far closer to what the Tribunal would have considered a reasonable estimate of the cost at the time. The Tribunal accepts that a budgeted costs of £460 would have been reasonable, but no more. No action however is required on this basis unless the final accounts are delayed beyond 31 January 2026, in which case the sum of £52.81 should not be considered payable and is to be credited to each Applicant. In relation to service charge year 2025/2026, the budget has been revised twice. The latest version, which is the one that is operative, budgeted £476.43 on account of insurance costs. The Tribunal found nothing unreasonable about that sum, which is therefore payable.

2023/2024 – CCTV maintenance

Facts

119. The parties agreed that there is no CCTV at the Building. The Applicants were each erroneously charged £5.20 on that account in service charge year 2023/2024. The Respondent stated that it had since credited that sum to their service charge accounts.

Conclusions

120. For the avoidance of doubt, the Tribunal found this cost was not payable by the Applicants and declares that it is not a relevant cost to be taken into account in the calculation of the Applicants' service charges. This finding applies to all service charge years in which CCTV costs have been demanded, although that appears to only have been the case in 2023/2024; the 2025/2026 "on account" demand having been revised already to remove that cost.

Service charge year 2024/2025 – stock condition survey

Facts

121. The Respondent arranges regular surveys of the condition of its properties. It programmed such a "stock condition survey" for service charge year 2024/2025, at a cost of £18.32 to each Applicant. It does not conduct them every year. It was unclear whether the survey had in fact been undertaken, which will be clarified once the final accounts are produced, hopefully in January 2026.

Conclusions

122. The Tribunal accepted that arranging regular surveys is good management practice and found nothing unreasonable about budgeting for such. This sum is therefore payable in full.

All service charge years – management quality

Facts

123. Although the Tribunal has found that the management fees demanded from the Applicants are payable "in principle", the Applicants raised numerous concerns about the quality of the management provided. They say that dating back to 2015,

engagement has been poor. They say that they received no explanation for the refusal to impose a management fee only gradually over three years, as had been proposed by Sovereign. They say that the creation of a reserve fund was just as abrupt, without prior consultation. The Respondent had no records from these service charge years.

124. Since then, the Applicants have made regular complaints about the management services received, sometimes successfully, in the sense that they have received compensation amounting to around £720 over the years. They say that they have had to be proactive in identifying errors in the service charge demands (such as in relation to the CCTV), which should not be necessary; it is the Respondent's role as manager of the Building to "get these things right". The most recent service charge demand has been amended twice, reducing the overall demand from £2,242.28 to £1,723.94 and finally £1,630.87. They say that engagement has been sporadic on other issues, such as in relation to cleaning during the covid-19 pandemic, with complaints being initially progressed, but then left without resolution. They also say that services have been provided at far greater cost than might have been arranged otherwise, demonstrating management incompetence.

125. The Respondent submitted that its management may not have been perfect, but was reasonable with service charge adjustments being made when necessary. It provided compensation where appropriate and should not be penalised "twice". It has various teams managing different aspects of service provision and there are good reasons for using nationwide service suppliers.

Conclusions

126. Once again, the Tribunal felt it convenient to deal with these matters together, across all service charge years in dispute, as the issues and considerations were similar. It was both difficult and disproportionate to make firm findings about any precise management failures on any given date over the preceding ten years.

127. It was sufficient to note that the Building's management has been found wanting on some occasions. For instance, the Respondent has misplaced certain documents relating to service charge years preceding 2018/2019. It inexplicably created CCTV charges without good reason. It has operated an inconsistent apportionment regime over the years. It failed to use its negotiating power and the benefit of centralised nationwide agreements to achieve best value prices for services provided, including in relation to cleaning in 2020/2021. It has failed to properly manage the handling of bulk waste in Flats 15-26. None of these issues can be easily explained and all have contributed to a difficult relationship between the parties. That said, the Respondent has been understanding and rectified some mistakes. It monitors its contracts and

changes them where appropriate, although not always especially proactively. It has given the Applicants some compensation on occasion. The Tribunal appreciated these matters but found that the compensation received did not fully reflect the quality of the service provided. Service charges are only payable to the extent that services provided are to a reasonable standard and should be limited accordingly. The Tribunal found that, taking matters in the round, the management fees payable over the years should be reduced by £280 per Applicant. The Tribunal was mindful of "double-counting", but ultimately the issue as to the management of the cleaning contract and bulk waste disposal, for instance, were only a small part of its decision. In addition, the management failures in this regard can properly be considered separate from the costs themselves.

Costs

128. The Applicants have succeeded with several parts of their application. However, a significant part of the service charges under challenge remain payable. The main issue relating to the correct interpretation of the Lease and the resulting apportionment of costs was determined in the Respondent's favour. It is quite clear that the Applicants' complaint very much originated in the Respondent's management of the Building over the years, however. Absent that, it is possible the proceedings could have been avoided, although the Lease interpretation issue may ultimately have led to litigation in any event. The Respondent has been put to a significant amount of work in reviewing service charge accounting information spanning over a decade, but the Applicants focussed their complaints in relation to the most historic matters.

129. With all this in mind, the Tribunal determined that it would be just and equitable to allow the Applicants' application under section 20C of the Landlord and Tenant Act 1985 in part, with 50% of the Respondent's costs not to be considered relevant costs for the purposes of calculating the Applicants' service charges.

130. The Applicants also requested an order under paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002. As they have brought proceedings together, the Tribunal found that any litigation costs should be addressed via the service charge rather than individual administration charges (assuming the Lease provides for that), even though one leaseholder did not participate in these proceedings. This is because some matters of principle were raised, some of which may benefit that leaseholder in due course. Accordingly, this application is allowed, on the assumption it is valid, because the order is justified.

131. As to the reimbursement of Tribunal fees, both parties have achieved some success. It is, however, noteworthy that the Applicants have brought a particularly wide-ranging challenge, resulting in the Respondent having to investigate and collate documentation spanning over a decade. The Tribunal has had to investigate those matters also, despite the significant passage of time inevitably affecting the quality of evidence available. The Tribunal therefore did not think it appropriate to make any order in relation to the reimbursement of Tribunal fees.

Judge M. Hunt

23 December 2025