



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

Case Reference : **MAN/ooCM/LAC/2024/0007**

Properties : **Flats 102, 130, 131, 301 Dunn House,
50-56 North Bridge Street,
Sunderland, SR5 1AH**

Applicants : **B&S K (Venture 2) Ltd. and
B&S K TOPCO Ltd.**

Respondent : **Tuscola (FC109) Limited**

Representative : **Grangeford Asset Management**

Type of Application : **For a determination as to liability to
pay an administration charge**

Tribunal Member : **Judge S. Westby
Mr I. Jefferson TD BA BSc FRICS**

**Date and venue of
Hearing** : **15 September 2025
Remote Hearing**

Date of Decision : **16 September 2025**

DECISION

DECISION

- A. In respect of each lease, the total amount of reasonable administration charges payable by the Applicants for or in connection with the late payment of ground rent falling due on 1 August 2025 is £325. The remainder of the disputed administration charges are not payable by the Applicants.**
- B. The Tribunal makes an order under section 20C of the Landlord and Tenant Act 1985 so that none of the landlord's costs of the Tribunal proceedings may be passed to the lessees through any service charge.**
- C. The Tribunal makes an order under paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002 so that none of the Respondent's legal costs of administration fees can be added to the Applicants' accounts.**

REASONS

Background

1. The subject properties are four residential flats in a converted block on North Bridge Street in Sunderland. The Applicant, B&S K (Venture 2) Ltd, is the long leasehold owner of flats 102, 130, 131 Dunn House. The second Applicant, B&S K (TOPCO) Ltd, is the long leasehold owner of flat 301 Dunn House. Hereinafter, the four flats will be together be referred to as the "Properties".
2. The Properties are held under leases that are each for a term of 250 years (together "the Leases") and reserve an initial ground rent. The Tribunal has copies of the relevant leases which are in similar terms.
3. The Respondent is the current landlord and is therefore entitled to collect the ground rent payable under the Leases.
4. On 11 September 2024, the Applicants applied to the Tribunal for a determination of their liability to pay administration charges which have been demanded by the landlord's agent, Grangeford Asset Management ("Grangeford"), in connection with administrative costs incurred. The charges in question and the ground rents are as follows:

Flat	Ground rent reserved	Administrative charge disputed
102	£150.00	£937.00
130	£180.00	£937.00
131	£180.00	£937.00

301	£150.00	£1,037.00
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5. On 18 June 2025, the Tribunal issued directions and both parties were given the opportunity to provide statements of case. A bundle of documents was provided to the Tribunal prior to the hearing taking place on 15 September 2025. The Tribunal did not inspect the Properties.
6. At the hearing, the Applicants were represented by Mr Davinder Kandola and the Respondent was represented by Mr Michael Zenou, Head of Accounts for Grangeford.

Law

7. An “administration charge” is defined in paragraph 1(1) of Schedule 11 to the Commonhold and Leasehold Reform Act 2002 (“the 2002 Act”) as:

an amount payable by a tenant of a dwelling as part of or in addition to the rent which is payable, directly or indirectly-

- (a) *for or in connection with the grant of approvals under his lease, or applications for such approvals,*
- (b) *for or in connection with the provision of information or documents by or on behalf of the landlord or a person who is party to his lease otherwise than as landlord or tenant,*
- (c) *in respect of a failure by the tenant to make a payment by the due date to the landlord or a person who is party to his lease otherwise than as landlord or tenant, or*
- (d) *in connection with a breach (or alleged breach) of a covenant or condition in his lease.*

8. Paragraph 5(1) of Schedule 11 to the 2002 Act provides that:

An application may be made to the appropriate tribunal for a determination whether an administration 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.*

9. Sub-paragraphs (2) and (4) make it clear that the Tribunal has jurisdiction in this regard whether or not any payment has been made unless, among other things, the matter has been agreed or admitted by the tenant. Having seen a copy of an email exchange which occurred between the parties on 10 September 2024, the Tribunal is satisfied that the disputed charges have not been agreed or admitted in this case.

Discussion and conclusions

10. In each of the Leases, there is a covenant on behalf of the Applicants to pay the ground rent annually in advance on 1st August in each year.
11. The Applicants had purchased their long leasehold interest in the Properties between March and August 2024.
12. There is disagreement between the parties as to when notice of the Applicants' purchase of the Properties was given to the Respondent. This does not have any bearing on the Tribunal's determination of the administration charges but does mean that the Applicants were not sent ground rent demands as these were sent to the previous owner and, accordingly, the Applicants were late in paying the ground rent to the Respondent. This was accepted by Mr Kandola at the hearing.
13. The Applicants became aware of the ground rent arrears on 10 September 2024 following email correspondence with Grangeford. Grangeford demanded payment of the ground rent and administration charges that same day, failing which it stated that it would proceed 'with forfeiture of the lease'. Despite repeated requests by the Applicants, Grangeford did not provide a breakdown of the administration charges. The Applicants paid the entirety of the amounts demanded on 10 September 2025 but confirmed that this was being done under protest.
14. The Applicants dispute their liability to pay the administration charges for two reasons. First, they say they have no contractual liability to pay them. Second, they say that they have never been given a breakdown of the administration charges which they consider are unreasonable and disproportionate to the amount of ground rent concerned.

Contractual Liability

15. Grangeford, for the Respondent, confirms in its statement of case that 'due to ongoing non-payment and the need to refer the matter to third-party debt recovery agents, [the Respondent] incurred administration charges in accordance with Clause 11 of the lease'.
16. The Applicants dispute this as they consider that clause 11 only allows the Respondent to charge leaseholders for recovery of maintenance charges, which does not include ground rent, or for the preparation and service of a s.146 notice pursuant to the Law of Property Act 1925 ("the 1925 Act"), which they allege the Respondent was not lawfully able to serve at this stage. The Applicants state that the Respondent is only able to charge interest on late payments of ground rent pursuant to paragraph 1(a)(ii) of the third schedule to the Leases.

17. For an administration charge to be payable in the first place, there must be provision for it in the terms of the Lease. The parties' reference to 'clause 11' of the Leases is actually to paragraph 11 of the third schedule to the Leases. However, the Tribunal does not agree that this is the applicable clause and considers paragraph 3(c) of the third schedule to the Leases as being the relevant clause.
18. Pursuant to this paragraph, the Applicants covenanted with the landlord to pay '...any costs incurred as a result of the breach or non-observance on the part of the Tenant of this Lease and its covenants'. The Applicants admit that they were late in paying the ground rent and the Applicants were, therefore, in breach of the covenant in the Leases requiring them to pay the ground rent in advance on 1 August.
19. The Tribunal determines that there is a contractual liability for the Applicants to pay administration charges by virtue of paragraph 3(c) of the third schedule to the Leases.

Reasonableness

20. Prior to the hearing, the Respondent had not provided any breakdown of the administration charges levied, despite several clear requests for this from the Applicants. The Respondent also did not provide copies of the administration charge demands to the Tribunal nor was there any evidence in the bundle from the Respondent as to how the administration charges had been calculated.
21. Upon Mr Zenou's evidence, the administration charge demands, and the accompanying summary of the rights and obligations, had been sent to the previous owners of the flats who remained the registered owners at the relevant time. This does not, however, explain why the Respondent would not provide a breakdown of the administration charges to the Applicants and why no evidence was before the Tribunal as to what the charges consisted of. If the Respondent had provided the information requested by the Applicant, it is possible that these proceedings may not have been required.
22. During the hearing, Mr Zenou confirmed that the administration charge for each of the flats was £937, made up of the following charges:
 - a. £125 late payment charge – a charge levied after a first reminder had been sent.
 - b. £200 legal review fee – a charge levied for an in-house legal team to review the case before instructing third party solicitors
 - c. £300 fee for referring to debt collectors – a charge by third party solicitors to prepare the file for referral to a debt collector.
 - d. £312 debt collectors' charge – the debt collector's charge for opening the file, carrying out necessary searches and issuing a notice.

23. When asked why flat 301 appeared to have an administration charge of £1,037, rather than £937, Mr Zenou confirmed that this was an accounting issue and that the above charges were fixed and therefore the charge should be £937.
24. The Tribunal finds that:
 - a) the ground rent fell due on 1 August 2024 and was paid by the Applicants on 10 September 2024.
 - b) the £125 late payment charge and the £200 legal review fee in respect of each of the Leases are appropriate and reasonable in the circumstances.
 - c) the £300 fee for referring the matter to debt collectors and the £312 debt collectors' charge levied in respect of each of the Leases are unreasonable and excessive.
 - d) it was precipitous of the Respondent, bearing in mind the amount of arrears and the relatively short amount of time that had elapsed from the date the ground rent fell due, to incur this level of costs at this stage.
 - e) the additional £100 administration charge levied in respect of flat 301 is unreasonable and is not payable by B&S K (TOPCO) Ltd.

Application under s.20C of the Landlord and Tenant Act 1985 and paragraph 5A of Schedule 11 of the 2002 Act

25. Having made the determinations above, and bearing in mind the Respondent's uncooperative behaviour in respect of the Applicants' reasonable requests for a breakdown of the administration costs, the Tribunal considers that it is reasonable and appropriate that no further costs, charges or fees incurred by the Respondent in respect of this application are added to the service charges of the lessees in the block or to the Maintenance Charge account.

Judge S. Westby
16 September 2025

Right of Appeal

A person wishing to appeal this decision to the Upper Tribunals (Lands Chamber) must seek permission to do so by making written application to the First-tier Tribunal at the Regional office which has been dealing with the case.

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

If the person wishing to appeal does not comply with the 28-day time limit, the person shall include with the application for permission to appeal a request for an extension of time and the reason for not complying with the 28-day time limit; the Tribunal will then decide whether to extend time or not allow the application for permission to appeal to proceed.

The application for permission to appeal must identify the decision of the Tribunal to which it relates, state the grounds of appeal, and state what result the party making the application is seeking.