



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

Case Reference	: MAN/ooCG/LSC/2025/0628
Property	: Apartment 904, Metis, 1 Scotland Street, Sheffield, S3 7AT
Applicant	: Matt Kirk of Rendall & Rittner Ltd as Manager of Metis Apartments
Representative	: Brethertons LLP
Applicant's Counsel	: Richard Miller
Respondent	: Bidwick Ltd
Respondent's Representative	: Mr Syed Shah
Type of Application	: Landlord & Tenant Act 1985 – s 27A Commonhold & Leasehold Reform Act 2002 – para 5 sch 11
Tribunal Members	: Judge Richard M. Dobson-Mason LLB Ms Jill Gittus MRICS
Type & Venue of Hearing	: Video hearing online
Date of Decision	: 4 July 2025

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DECISION

(1) The Tribunal determines that, for the period 1 January 2020 to 31 December 2020, the service charge payable for the Property is £2,048.21.

- (2) The Tribunal determines that, for the period 1 January 2021 to 31 December 2021, the service charge payable for the Property is £4,153.15**
- (3) The Tribunal determines that, for the period 1 January 2021 to 31 December 2021, the administration charge is £366.00.**

REASONS

Background

1. The Application relates to Apartment 904, Metis, 1 Scotland Street, Sheffield, S3 7AT (“*the Property*”).
2. The Applicant is Matthew Kirk of Rendall Rittner Limited, the manager appointed to manage The Metis Apartments, Scotland Street, Sheffield, S3 7AT (“*the Estate*”), pursuant to s 24 Landlord & Tenant Act 1987 (“*LTA 1987*”), by virtue of an Order of the Tribunal dated 6 December 2017 appointing John Stephen McDonald of Fairways Property Management and a subsequent Order dated 28 May 2020 (“*the 2020 Order*”), varying the aforementioned Management Order and appointing the Applicant in Mr McDonald’s place. Although the 2020 Order has since been varied on 25 September 2023, it was in force at the time that the claim which is the subject of these proceedings was commenced.
3. The Respondent is the long leaseholder of the Property, which is one of the apartments in the Estate.

The Lease

4. The Respondent’s interest in the Property is derived from an underlease dated 28 July 2006 between (1) Metis Apartments Limited and (2) Christopher William Hall

(“*the Lease*”). The Respondent became the registered proprietor of the Lease on 21 November 2019.

5. Metis Management (Sheffield) Limited is named as the Management Company in the Lease, and is also the landlord of the Property, having become the registered proprietor of the head lease in respect of the Estate on 14 April 2008.
6. The relevant terms of the Lease regarding the payability of service charges and administration charges generally are as follows: -

Particulars

“*Accounting Year*” means “*The period of 12 months ending on 31 December*”

“*Buildings Charge*” means “*The matters set out in Part 1 of Schedule 3 payable in accordance with the provisions of Part 3 of the Schedule 3*”

“*Common Parts Charges*” means “*The matters set out in Part 2 of Schedule 3 payable in accordance with the provisions of Part 3 of Schedule 3*”

“*Estimated Service Charge*” means “*such sum as shall be certified by the Management Company as being a reasonable estimate of the expenditure likely to be incurred by the Management Company by way of Service Charge during such Accounting Year*”

“*Payment Days*” means “*1 January, 1 April, 1 July, and 1 October in each year*”

“*Service Charge*” means the Tenant’s Proportion of the Buildings Charge and the Common Part Charges

“*Tenant’s Proportion*” means “*In relation to the Buildings Charges 0.927% and in relation to the Common Parts Charges 0.736% or in each case such other fair and*

equitable proportion of the Buildings Charge or the Common Parts Charge as the Landlord or the Management Company shall notify to the Tenant from time to time in accordance with the provisions of paragraph 5 of part 3 of Schedule 3”

5. Tenant’s Covenant’s

Clause 5.1: the leaseholder covenants “*to pay the Estimated Service Charge to the Management Company on Payment Days*”

Clause 5.17: the leaseholder covenants “*to pay all expenses including solicitors’ costs and disbursements...reasonably and properly incurred by the Management company and the Landlord ...incurred in or in contemplation of...proceedings on account of arrears Rent and / or Service Charge...or for the recovery or attempted recovery of those arrears*”

Clause 5.25: the leaseholder covenants “*if... any other monetary payment under this Lease is not paid within 14 days of becoming due then to pay interest on it at the Interest Rate the interest to accrue from day to day commencing on the date when the payment became due until payment is made*”

6. Management Company Covenants

Clause 6: Management Company covenants in respect of, *inter alia*, the insurance, repair, and maintenance of the Retained Parts and Common Parts

Schedule 3: The Service Charge

Part 1: sets out the costs forming the Buildings Charge (the reference to “clause 5” appears to be in error, where the Management Company Covenants are contained in Clause 6 as above)

Part 2: sets out the costs forming the Common Parts Charges (there is a similar error as referred to above)

Part 3: contains additional provisions relating to the Buildings Charge and Common Parts Charges, including, at paragraph 1.5, the establishment of a reserve or sinking fund, and at paragraph 4 the provision for carrying forward overpayments and the recovery of shortfalls in payments by the Tenant

The law

7. The Tribunal is given jurisdiction to decide the reasonableness and payability of service charges by s 27A Landlord and Tenant Act 1985 ("LTA 1985"), which provides: -
 - (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.*
8. Subsection 2 provides that the application may be made whether or not any payment has been made by the Applicant.
9. The meaning of the expression "service charge" is set out in s 18(1) LTA 1985, meaning:

"...an amount payable by a tenant of a dwelling as part of or in addition to the rent-

- (a) which is payable, directly or indirectly, for services, repairs, maintenance, improvements, or insurance or the landlord's costs of management, and
- (b) the whole of any part of which varies or may vary according to the relevant costs.

10. In making any determination under s 27A LTA 1985, the Tribunal must have regard to s 19(1) LTA 1985 which states:

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

11. “Relevant Costs” are defined for these purposes by s 18(2) LTA 1985 as:

The costs or estimated costs incurred or to be incurred by or on behalf of the landlord, or a superior landlord, in connection with the matters for which the service charge is payable.

12. The Tribunal is given jurisdiction to decide the reasonableness and payability of administration charges by s 158 Commonhold and Leasehold Reform Act 2002 (“CLRA 2002”), which provides: -

Schedule 11 (which makes provision about administration charges payable by tenants of dwellings) has effect

13. Para 5 sch 11 CLRA 2002 provides that: -

- (1) *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.

14. Para 2 sch 11 CLRA 2002 states that: -

A variable administration charge is payable only to the extent that the amount of the charge is reasonable

15. The meaning of the expression “administration charge” is set out in para 1 sch 11 CLRA 2002, meaning:

“...an amount payable by a tenant of a dwelling as part of or in addition to the rent which is payable-

- (c) *in respect of a failure by the tenant to make a payment by the due date or on behalf of 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*

The application

16. In about September 2022, the Applicant issued proceedings against the Respondent in the County Court Money Claims Centre seeking payment of unpaid service charges and administration charges of £8,780.52. That figure included legal costs of £1,484.40 incurred in respect of proceedings in the County Court.

17. Those proceedings were defended by the Respondent by way of a Defence dated 16 November 2022.

18. They were then transferred to the Tribunal by Order of the County Court at Romford made on 13 March 2023.
19. In those circumstances, the proceedings were treated as an application by the Applicant for an order under s 27A LTA 1985 and para 5 sch 11 CLRA 2002 for a determination as to the reasonableness and payability of the service charges and administration charges respectively for the Property for the period 1 January 2020 to 31 December 2021.

Directions

20. Directions were made by a Legal Officer on 25 March 2025 (“*the Directions*”) requiring, *inter alia*, sequential filing and service of the parties’ Statements of Case and evidence in support, including a requirement for the Respondent to identify the service charge costs or items and any administration costs which are in dispute by means of a schedule or spreadsheet, with provision for the Applicant to reply to the same.
21. The deadline for the Respondent to file and serve its Statement of Case, and thus the deadlines for the Applicant’s reply and the filing and service of the hearing bundle, were extended by Order dated 3 June 2025.

The hearing

22. The hearing took place by way of a video hearing on 4 July 2025.
23. The Respondent submitted an undated (although referred to as dated 8 June 2025) Statement of Case and a bundle of supporting documentation. It did not, however, identify the service charge costs or items and any administration costs which are in dispute by means of a schedule or spreadsheet.
24. The Applicant submitted a Reply Statement of Case dated 23 June 2025 and a bundle of supporting documentation.
25. Neither party submitted a witness statement in respect of this application.
26. The Applicant submitted a Skeleton Argument dated 2 July 2025.
27. The Applicant was represented by Counsel, Mr Miller. A representative of the Applicant, Mr O'Connor, also attended to observe the hearing.
28. Mr Shah, the Respondent's director, sent an email to the Tribunal at 15.36 pm on 2 July 2025 indicating that, due to ill health, he would be unable to attend the hearing in person, and asking the Tribunal to proceed with the matter in his absence based on the papers submitted to date. That email went on to say that he 'would welcome the opportunity to attend remotely, should the hearing be listed by video link'. The Tribunal therefore arranged for the hearing to be held by video link, communicated to the parties by email on 3 July 2025, with no objection from the Applicant.
29. By email at 09.41 am on the morning of the hearing, Mr Shah informed the Tribunal that he would 'not be able to assist at the hearing' and requested that the Tribunal 'consider [his] statement of case to adjudicate as to [his] only issue' being 'unreasonable increase in service charges'.

Preliminary application

30. In light of Mr Shah's absence, the Applicant made an application to proceed with the hearing in his absence. He submitted that Mr Shah had provided no explanation in his most recent email as to why he could not attend, that the matter had been ongoing since 2021 when it was issued, and Mr Shah had asked the Tribunal to proceed on the basis of his statement of case.
31. The Tribunal noted that r 34 The Tribunal Procedure (first-tier Tribunal) (Property Chamber) Rules 2013 provides as follows: -

If a party fails to attend a hearing the Tribunal may proceed with the hearing if the Tribunal –

- (a) is satisfied that the party has been notified of the hearing or that reasonable steps have been taken to notify the party of the hearing; and*
- (b) considers that it is in the interest of justice to proceed with the hearing.*

32. For the reasons put forward by the Applicant, the Tribunal determined that it was satisfied that the above test was met.
33. Shortly after that determination had been made, Mr Shah dialled into the hearing by phone and explained that he wanted the hearing to proceed in his absence, and confirmed that he no longer wished to pursue his argument regarding the *locus standi* of the Applicant to make the Application and levy the service charges and administration charges, proceeding solely on the basis of contesting the reasonableness and payability of the same.

The Issues

34. The issues to be decided during the hearing, therefore, were: -

- (1) The service charge payable by the Respondent in respect of the Property for the period 1 January 2020 to 31 December 2020.
- (2) The service charge payable by the Respondent in respect of the Property for the period 1 January 2021 to 31 December 2021.
- (3) The administration charges payable by the Respondent in respect of the Property for the period 1 January 2021 to 31 December 2021.

Determination

(1) Service charge 1 January 2020 to 31 December 2020

35. The Respondent put the Applicant to proof as to the reasonableness of the service charges for this period and submitted that: -
 - a. The Applicant claims £289.89 and £1,262.64 for insurance and service charges respectively, brought forward from the previous agent, with a date of demand of 1 August 2020 and date for payment of 15 August 2020, averring that there were no such arrears for the said period.
 - b. The Applicant has failed to explain why there are so many other payments in respect of car park, estate reserves, management fees, residential service charge, and insurance charge, with a date of demand of 24 August 2020 and date for payment of 7 September 2020.
 - c. There are a few payments mentioned to be 'on account' which would mean that the account should be credited for those sums, but they have been debited.
36. The Applicant submitted that: -

- a. This appeared to be a misunderstanding by the Respondent. These were brought forward from the time of the previous manager, relating to three service charge demands made on 1 January 2020, 1 April 2020, and 1 July 2020, and one insurance premium demand, and were re-demanded by the Applicant on 1 August 2020 and made payable within 14 days. The Applicant denied that there were no arrears for the period in question and relied upon the statement of account at handover to show that this was not the case. It also submitted that the Respondent had not provided any evidence that the sums had been paid or that the statement was wrong. Notwithstanding, it submitted that the Application related to the payability and reasonableness of the charges, which was a different issue to what had or had not been paid.
- b. The 2020 Order, at para 4(a), provides that the Applicant shall manage the Property in accordance with the landlord's obligations under the Lease. The service charges raised are in respect of the same. The Respondent has not raised any specific dispute as to any particular items of service charge and, as such, the Applicant is unable to meaningfully respond to the issue. The Respondent had been given a number of opportunities to do this, including by the Directions which required the use of a schedule. The Applicant's Statement of Case and Reply also referred to the fact that this had never been provided. As to the dates, similar to the above, the Applicant submitted that the Respondent has misunderstood the date of demand and due date as being the period covered by the charges.
- c. The phrase 'on account' meant a request for payments upfront, so that monies were held by the Applicant to pay upcoming expenditure. The Respondent had therefore misunderstood this also.

37. The Tribunal is satisfied that the Respondent appeared to be mistaken as to his understanding of the charges brought forward from the time of the previous manager and in relation to the use of the term 'on account'. It is also satisfied that

the Applicant is entitled to levy service charges for the items in question in accordance with the terms of the Lease and the 2020 Order.

38. The Tribunal records that, in order to challenge the reasonableness of a charge, a tenant must first produce some evidence that the charge is unreasonable before the burden passes to the landlord to show that the charge was in fact reasonable (*Wynne v Yates* [2021] UKUT 278 (LC)). The Respondent has not provided details of any specific challenges to any element of the service charges and has not produced any evidence in support, despite being required to do so in the Directions.
39. The Tribunal therefore determines that it is not sufficient for the Respondent to simply put the Applicant to proof, and accordingly the Respondent has not satisfied the Tribunal that there is a *prima facie* case that the service charges for the period 1 January 2020 to 31 December 2020 are unreasonable.

(2) Service charge 1 January 2021 to 31 December 2021

40. The Respondent submitted that, for the period 1 January 2020 to 31 December 2021, it could not understand why the service charges had increased by over 100% from the years prior to the Applicant's management of the Property, totalling £4,153.15 versus £1,683.60, nor why the former related to only 9 months when the latter related to 12 months of charges.
41. The Applicant accepted that the service charges had increased substantially, and submitted that the Service Charge Budget Notes for the period in question explained the reasons for increases or decreases, for example, it explained that there was an increased overall budget for electricity because it allowed for an 85% increase, as advised by their energy consultants, due to the unprecedented increases in gas and electricity wholesale prices. The Respondent therefore had the explanation to help it to understand the increase, which would enable it to challenge any of the specific charges should it have taken the opportunity to do so. Further, the charges related to the full 12-month period, not 9 months. Finally, the Applicant restated the fact

that the Respondent had again failed to challenge any specific items. It noted that the case of *Wallace-Jarvis -v- Optima (Cambridge) Ltd & Ors* [2013] UKUT 328 (LC) (“the *Wallace-Jarvis* case”) did provide authority that the level of charges alone could raise a *prima facie* case of unreasonableness, but submitted that it should be distinguished from the instant case where the figures were not at an alarming level on the face of them.

42. The Tribunal noted that the service charges in question were for a full 12-month period, and was satisfied that the Respondent had been provided with a sufficient amount of information regarding the changes to the service charges by way of the Service Charge Budget Notes.
43. The Tribunal finds that the *Wallace-Jarvis* case can be distinguished as suggested by the Applicant, where the water usage in question in that case (being part of the disputed service charges) would have amounted to c. 11,500 showers per year per flat.
44. The Tribunal therefore determines that the Respondent has not satisfied the Tribunal that there is a *prima facie* case that the service charges for the period 1 January 2021 to 31 December 2021 are unreasonable.

(3) Administration charges 1 January 2021 to 31 December 2021

45. The Respondent submitted that the schedule of administration charges claimed by the Applicant is not understood.
46. The Applicant submitted that the Respondent’s ignorance was not a defence, that it had not challenged the reasonableness of the charges or denied the principle of recovery (pursuant to the terms of the Lease and the 2020 Order), and that they related to demands for payment and breach letters sent to the Respondent caused by its failure to pay the service charges to the previous manager and the Applicant (referring to some of the letters in question). Further, that the charges were modest

and necessary to try to collect payment and as a pre-cursor to the current proceedings being issued.

47. The Tribunal particularly notes that the Respondent has not submitted that the administration charges for this period (save for the legal costs addressed below) were unreasonable, and that the Respondent had in fact annexed some of the letters that related to those charges to its own Statement of Case.
48. The Tribunal is satisfied that, whilst it was not clear from the face of the demands what the administration charges were for specifically, the Summary of Tenant's Rights and Obligations on the reverse explained what those charges might relate to. It also found that the Respondent was aware that it was in arrears of service charge and had received demands and letters relating thereto which could, and in this case did, incur fees in respect of preparing and sending the same.
49. The Tribunal determines that it was reasonable for the Applicant to send the demands and letters resulting in the administration charges which were applied for the period 1 January 2021 to 31 December 2021 and that, save for the legal costs addressed below, they are reasonable in amount.

Costs

50. The Applicant included, in the administration charges for the period 1 January 2021 to 31 December 2021, the sum of £1,484.40 in respect of legal fees.
51. The Respondent submitted that this sum was unreasonable and unjustified, but did not say why.
52. The Applicant submitted that the legal fees in question were costs incurred in relation to proceedings issued in the County Court and that the Tribunal does not have jurisdiction to determine the costs incurred in the County Court and the First-tier Tribunal in those circumstances, referring to the case of *Avon Ground Rents Ltd*

-v- Child [2018] UKUT 204 (LC) (“*the Avon Ground Rents case*”), which decided that those costs fall to be determined under s 51 Senior Courts Act 1981. The Applicant also submitted that the Respondent could make representations in respect of those costs when they were dealt with in the County Court once the case was transferred back to it, and so the Respondent would not be prejudiced if the Tribunal found that it did not have jurisdiction.

53. The Tribunal notes that it has not been expressly invited by the Respondent to make an order to restrict the recovery of the costs of the proceedings by way of service charge pursuant to s 20C LTA 1985, or an order reducing or extinguishing the liability to pay administration charges that relate to litigation costs, pursuant to para 5A sch 11 CLRA 2002.
54. The Tribunal finds that it is bound by the Avon Ground Rents case regarding the legal fees in question and the costs of these proceedings (both in the County Court and First-tier Tribunal). As such, it does not have jurisdiction to determine the same. Those legal fees and costs will fall to be determined by the County Court.

Judge Richard M. Dobson-Mason

4 July 2025