FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Case reference	:	**LON/00AS/LSC/2025/0614**
Property	:	**Union Park. Packet Boat Lane, West Drayton, Uxbridge, UB8 2FA**
Applicants	:	**Adam Watkinson and 98 other leaseholders at Union Park**
Representative	:	**Robert Bowker (Counsel) instructed under the Bar's Direct Access Scheme**
1st Respondent	:	**Groundinvest (101) Limited**
Representative	:	**Aaron Walder (Counsel) instructed by Joelsons Solicitors**
2nd Respondent	:	**Union Park Residents Management Company Limited**
Representative	:	**No appearance**
Type of application	:	**For the determination of the liability to pay service charges under section 27A of the Landlord and Tenant Act 1985**
Tribunal members	:	**Judge Robert Latham** **Evelyn Flint FRICS** **Owen Miller BSc**
Date and Venue of Hearing	:	**2, 3, and 5 December 2025 at 10 Alfred Place, London WC1E 7LR**
Date of decision	:	**30 January 2026**

DECISION

Decisions of the Tribunal

(1) The First Respondent has no liability to repair, maintain or replace the communal heating and hot water system.

(2) The Tribunal makes the following findings in respect of the insurance premiums charged by the First Respondent:

(i) The premium of £151,493.16 charged by Axa for the period 1 April 2024 to 31 March 2025 is reasonable and payable. This is an average annual premium of £604 per flat.

(ii) The premium of £38.120.22 (Axa: £23,642.92 and Aspen: £14,477.30) charged for the period 1 February 2024 to 31 March 2024 (59 days) is unreasonable. This is an average annual premium of £924 per flat. The Tribunal allows £24,488 for this 59 day period which is an average annual rate of £604 per flat.

(iii) The premium of £24,718.40 (Axa: £16,104.33; Aspen: £8,614.07) for the period 22 December 2023 to 31 January 2024 (41 days) is unreasonable. This is an average annual premium of £877 per flat. The Tribunal allows £17,017 which is an average annual rate of £604 per flat.

(iv) The premium of £204,024.31 (Axa: £134,197.31; Aspen: £69.827) charged for the period 22 December 2022 to 21 December 2023 is unreasonable. The Tribunal allows the sum of £123,097, namely (a) £22,237 for the period 22 December 2022 to 22 April 2023 (122 days); and (b) £100,860 for the period 23 April to 21 December 2023 (243 days). The initial 122 day period is at the annual rate of £66,529.10 arranged by Towergate and the later period of 243 days at an average annual rate of £151,493.16.

(3) The Tribunal makes the following findings in respect of the additional sums charged in respect of insurance by the First Respondent and its Broker:

Insurance: 12 months to 21 December 2023

(i) Insurance premium finance charge of £12,001.23. This is disallowed.

(ii) Freeholder insurance placement and service fee of £18,000 and (iii) Broker insurance placement fee of £18,000. We allow a single fee of £9,000.

Insurance: Period 22 December 2023 to 31 January 2024

(iv) Freeholder insurance placement and service fee of £2,207; and (v) Broker insurance placement and service fee of £2,207. We allow a single fee of £2,207.

Insurance: 1 February 2024 to 31 March 2024

(vi) Freeholder insurance placement and service fee of £4,979.83; (vii) Broker insurance placement and service of £4,979.83. We allow a single fee of £4,979.83.

Insurance: 12 months to 31 March 2025

(viii) Freeholder insurance placement and service fee of £19,493.16; and (ix) Broker insurance placement and service of £20,367.72. We allow a single fee of £19,493.16.

(4) The Tribunal determines that the First Respondent shall pay the Applicant 50% of the tribunal fees which they have paid.

(5) The Tribunal will give Directions for the parties to make written representations on whether the Tribunal should make any order against the First Respondent under section 20C of the Landlord and Tenant Act 1985.

Introduction

1. This application relates to Union Park, Packet Boat Lane, West Drayton, Uxbridge, UB8 2FA ("Union Park"). Union Park consists of five individual blocks forming a total of 251 residential dwellings, namely Jessop Court (Blocks A1, A2 and A3, with 118 flats which are privately owned); Weston Court (Blocks B and F all with 60 flats which are privately owned), Dadford Court (Block E with 13 social tenancies), Henshall Court (Block D with 13 shared ownership leases) and Rennie Court (Blocks C1, C2 and C3 with 47 shared ownership leases). Each building typically has four to five levels. The flats have one, two or three bedrooms.

2. The developer and original Landlord was Packet Boat Lane Limited ("Packet Boat"). On 13 July 2021, Packet Boat went into administration. On 22 December 2022, the Second Respondent acquired the freehold of Union Park for £1.3m. It is registered in the British Virgin Islands. Mr Michael Gubbay is its sole shareholder and director.

3. Between 23 December 2024 and 8 January 2025, Mr Adam Watkinson issued a total of six applications against Groundinvest (101) Limited, the First Respondent seeking determinations pursuant to the provisions of sections 27A and 20C of the landlord and Tenant Act 1985 ("the 1985

Act"), Schedule 11 of the Commonhold and Leasehold Reform Act 2002 and Part IV of the Landlord and Tenant Act 1987. Mr Adam Watkinson is the tenant of Flat 66 Jessop Court. His lease is dated 14 August 2018. The First Respondent is now the "Landlord" under his lease. All his applications relate to (i) the communal heating and hot water system and (ii) charges for insurance. His father, Mr Alan Watkinson, has taken the lead in prosecuting these applications.

4. On 21 February 2025, the Tribunal joined Union Park Residents Management Company Limited as Second Respondent. The Second Respondent is "the Manager" under the relevant leases. In this decision we refer to it as the "Management Company". It was apparent to the Tribunal that the Management Company has the primary responsibility for the repair and maintenance of the communal heating system. Each of the tenants at Union Court own a share in the Management Company. If the Management Company is unable to pass on any service charge to the tenants, it must pass the loss to its members or face insolvency. For obvious reasons, the Applicant had focused his attack against their Landlord rather than the Management Company.

5. Over the subsequent months, a further 98 tenants have been joined as applicants. They have all appointed Mr Alan Watkinson as their representative.

6. The tenants at Union Park find themselves in an invidious position. It was a condition of the planning consent that heating and hot water should be provided to the flats at Union Park by a Combined Heat and Power ("CHP") unit and that there should be solar photovoltaic ("PV") panels on the roofs of the blocks. A CHP unit was installed prior to the grant of the leases. However, it is common ground that the CHP has never worked to its design specification. This seems to reflect the negligent design and construction of the system.

7. The 99 Applicants complain of the continual poor performance of the heating system with many leaks experienced from the Heat Interface Units ("HIUs") and the pipework itself. Heat distribution around the buildings is not consistent with lower levels appearing to have sufficient energy to deliver enough heat for hot water and heating needs. However, higher up the building it appears that there is insufficient pressure and flow to meet the requirements. An inspection of the external pipework has identified a range of issues: (i) the pipework appears to have no bedding material (ii) the pipework is insulated with an Armaflex type insulation material, with no external coating; (iii) the pipework layout has pipework crossovers occurring with no protection provided to prevent pipework touching; and (iv) the pipework material used for replacement sections is an incorrect material type and will lead to further issues if not addressed.

8. The Management Company accepts that it has the responsibility under the leases to repair, maintain and, where necessary, replace the heating system. In such circumstances the cost would pass on to the tenants. However, the Applicants contend that the liability of the Company only starts once the Landlord has provided a functioning heating and hot water system. It is common ground that a functioning system has never been provided.

9. The First Respondent acquired the freehold interest some four years after the leases were granted. However, the Applicants contend that there is a continuing obligation on the Landlord in respect of the communal heating system until a functioning system is provided.

10. The tenants also complain that the cost of the insurance increased threefold when the First Respondent acquired the freehold interest. The tenants contend that the insurance premiums charges have been unreasonable. They also complain of the additional charges levied both by the First Respondent and its broker.

The Hearing

11. Mr Robert Bowker (Counsel) appeared on behalf of the Mr Adam Watkinson and 98 additional tenants at Union Park. Mr Bowker is instructed under the Bar's Direct Access Scheme. Mr Alan Watkinson was present at the hearing to give instructions to Mr Bowker. Mr Adam Watkinson did not appear at the hearing. Mr Cecil D'Cruz, the tenant of 9 Jessop Court, was the only tenant who attended the hearing. He did not give evidence. Mr D'Cruz and his wife had acquired their flat on 10 August 1018. Since September 2018, they have been subletting their flat.

12. Mr Aaron Walder (Counsel) appeared on behalf of the First Respondent, instructed by Joelsons. He was accompanied by Ms Jessica Slater, his instructing solicitor. Mr Michael Gubbay attended and gave evidence.

13. The Second Respondent, the Company, did not appear. Its managing agent is Ringley Limited which is also the Company Secretary. On 22 August 2025, all the directors resigned. They were all tenants at Union Park. Their final act, before resigning, was to appoint Mr Gubbay as the sole director. Mr Gubbay informed the Tribunal that the Second Respondent had concluded that it was not proportionate to be represented at the hearing.

14. At the beginning of the hearing, the Tribunal indicated that there were a number of questions that we would wish to put to Mr Gubbay in his capacity as sole director of the Second Respondent. Both counsel urged us not to do so, on the basis that he had not come prepared to answer on behalf of the Second Respondent. There is no agreement as to what works are required to put the heating and hot water system in a proper

state of repair, or as to the appropriate solution if it is beyond economic repair. Counsel had provided a List of Issues in Dispute. They urged the Tribunal to focus strictly on those issues without seeking to explore the position of the Second Respondent from Mr Gubbay, its sole director.

15. On the first day of the hearing (2 December), the Tribunal heard opening submissions and evidence from Mr Gubbay on the issue of insurance. He was subjected to sustained cross-examination by Mr Bowker. He was the only witness to give evidence.

16. On the second day of the hearing, both Counsel made their closing submissions. Counsel agreed that the issue whether the First Respondent has any continuing liability to repair, maintain or replace the communal heating and hot water system is a matter of the correct construction of the lease. The liability to pay insurance is a matter of evidence. The Tribunal should have regard to all the evidence before the Tribunal in the Insurance Replacement Bundle.

17. The Tribunal again raised the position of the Second Respondent. The Company had decided that it was not proportionate to attend the hearing. On 26 March 2025, it had drafted an initial Statement of Case in respect of the communal heating and hot water system. This had been drafted by the managing agents. Ms Mary-Anne Bowring describes the invidious position in which the Management Company finds itself given that a number of tenants have failed to pay either their service charges or their contributions as members of the Company. The Tribunal had directed the Management Company, by 5 September 2025, to file a further Statement of Case and witness evidence in response to the issues raised by the Applicants. On 22 August 2025, the tenant directors had resigned and appointed Mr Gubbay as the sole director. Both Counsel had urged the Tribunal not to put any questions to Mr Gubbay in his capacity as director of the Second Respondent. The Tribunal asked both Counsel to consider the position over the lunch adjournment.

18. After the adjournment, Mr Bowker informed the Tribunal that the Applicants are only seeking a determination against the First Respondent Landlord in respect of the "maintenance costs" in respect of the communal heating and hot water. The Applicants are no longer seeking any determination against the Second Respondent in respect of either the "maintenance costs" or the "consumption costs". The Tribunal noted that it is only the Second Respondent who has sought to levy any service charge in respect of the maintenance costs.

19. The Tribunal reconvened on 5 December to consider our decision.

20. Counsel provided the following bundles to which reference is made in this decision:

(i) Master Bundle (242 pages). This includes: (i) the six applications issued by Mr Adam Watkinson between 23 December 2024 and 8 January 2025; (ii) the Directions made by the Tribunal on 31 January, 13 March, 28 April and 26 September 2025. This does not include the further Directions made on 13 November 2025 at a Pre-Trial Review; (iii) a list of the 99 tenants who are now parties to this application; and (iv) the lease for Flat 66 Jessop Court, the flat occupied by Mr Adam Watkinson. References to this bundle will be prefixed by "MB.__".

(ii) Bundle for Issue 1: the Heating System (886 pages). Most of these documents are no longer relevant as the Applicants are no longer seeking any finding in respect of their liability to pay the "consumption costs" in respect of the communal heating at hot water system. The Tribunal notes that consumption charges are not levied by the Management Company, but rather by Welcome Energy, pursuant to a Heat Supply Agreement. Mr Bowker argues that the leases must be construed as incorporating Section 106 planning agreement, dated 9 December 2016 (at p.789-886). References to this bundle will be prefixed by "HS.__".

(iii) Bundle for Issue 2: the Insurance (Replacement Bundle) (324 pages). This includes witness statements from Mr Michael Gubbay and Mr Alan Watkinson. References to this bundle will be prefixed by "IB.__".

(iv) An Agreed Bundle of Authorities (86 pages).

Issues that the Tribunal is required to determine

21. In their closing submissions, Counsel confirmed that the Tribunal is required to determine the following issues:

(i) Issue 1: Whether the First Respondent has any continuing liability to repair, maintain or replace the communal heating and hot water system.

(ii) Issue 2: Insurance: (a) whether the insurance premiums charge over the period 22 December 2022 to 31 March 2025 are reasonable; and (b) whether the additional sums charged in respect of insurance placement and service fees charged both by the freeholder and its broker are payable pursuant to the terms of the leases and are reasonable.

Issues that the Tribunal has not been asked to determine

22. This case had initially been set down for five days. However, both before and during the hearing, the parties "parked" a number of issues. Given that there is a real prospect of further litigation between the parties, we record the issues on which we have not been asked to make any determination:

(i) The Management Company's liability to repair, maintain, and where necessary replace the heating and hot water system. Whilst paragraph 33 of Schedule 4 of the lease requires the Management Company "to repair, maintain, and where necessary replace the Energy Centre and the equipment installed therein", we note that the lease includes separate definitions of the terms "Energy Centre" and "Heat Installations".

(ii) The tenants' liability to pay or the reasonableness of the sums charged by either the Management Company in respect of "maintenance costs" or by Welcome Energy in respect of the "consumption costs". There is an issue as to whether the sums charged by Welcome Energy are service charges as defined by section 18 of the 1985 Act. The Applicants have not joined Welcome Energy as a party to their application.

(iii) By his application dated 8 January 2025 (at MB.47-56), Mr Adam Watkinson sought to vary his lease by omitting all references to the communal heating system. On 7 August 2023, he had removed his HIU and replaced it with an individual system. The background to this application is that on 9 March 2023, he had issued an action in the County Court (Claim No.384MC342) against the First Respondent claiming £545 for removing his faulty HIU, £2,150 for a new combi boiler, £440 for plumbing, and £760 for electrical costs (Total: £3,895) + costs of £205. On 9 June 2023, DJ Merrills struck out the First Respondent's defence and entered judgment in the sum of £4,100 for Mr Watkinson. The County Court made no determination on the merits of the claim. This application did not involve the other tenants. On 22 October 2025, Mr Watkinson applied to withdraw this application. On 30 October, the Tribunal consented to this withdrawal pursuant to rule 22 of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013.

(iv) The Tribunal has not been asked to make any determination of Mr Watkinson's continuing liability to pay "maintenance costs" or "consumption costs" in respect of the communal heating and hot water system, given that he no longer benefits from the system.

(v) By an application dated 23 December 2024 (at MB.39-46), 19 of the Applicants sought to challenge their liability to pay a number of administration charges. On 22 October 2025, the Applicants applied to withdraw this application on the basis that an amicable settlement had been reached. On 30 October, the Tribunal consented to this withdrawal.

Issue 1: Does the First Respondent have any continuing liability to repair, maintain or replace the communal heating and hot water system?

23. Counsel agreed that the Landlord has never provided a functioning heating and hot water system. The undisputed evidence is that the CHP has never worked to its design capacity. This seems to relate primarily to

the negligent design and construction of the heating and hot water system.

24. Mr Bowker, on behalf of the Applicants, argues that the heating and hot water system is a failed system. The Management Company is not required to provide a replacement. The Landlord was and is required to provide an operative system by the planning agreement. It has failed to do so. Only when that has occurred, does the Management Company assume any liability to repair and maintain it.

25. Mr Walder, on behalf of the First Respondent argues that the leases place a clear and unambiguous obligation on the Management Company to repair, maintain, and where necessary replace the CHP. That obligation arose as soon as any lease was granted.

26. The First Respondent's primary argument is that any obligations under Clause 6.1 of the lease, do not extend to the draft "Grant of Planning Permission". His secondary argument, if he is wrong on this, is that even if it does extend to the draft "Grant of Planning Permission", paragraph 11 of the Schedule of Conditions do not create the enforceable rights for which the Applicants contend.

27. It is accepted that all the leases are in similar terms. Mr Adam Watkinson, occupies Flat 66 Jessop Court pursuant to a lease dated 14 August 2018 (at MB.199-242). The lease is for a term of 150 years from 1 January 2018 at an annual rent of £350 which doubles every twenty five years.

28. There are three parties to the lease:

(i) “The Landlord”: Packet Boat Lane Limited. On 13 July 2021, this company went into administration. On 22 December 2022, the First Respondent acquired the freehold interest.

(ii) “The Company”: Union Park Residents Management Company Limited, the Second Respondent. This is a company in which each of the tenants on the Estate hold a share.

(iii) “The Tenant”: Mr Adam Watkinson.

29. Clause 2 relates to the "Background".

(i) Clause 2.2 states: "The Landlord has constructed the Buildings and wishes to dispose of the Dwellings by means of a form of lease in substantially the form of this Lease that require the owners of the Dwellings to contribute to the upkeep of shared items in the Building or Estate as appropriate."

(ii) Clause 2.2 states: "The Company has been incorporated to (inter alia) provide certain services to and for the tenants of the Estate and otherwise manage the Estate."

30. The Tenant's covenants are set out in Clauses 4 and 5. By Clause 5.7, the Tenant covenants to pay a service charge in respect of the expenses incurred by the Company.

31. The Landlord's covenants are set out in Clause 6. Mr Bowker places considerable emphasis on Clause 6.11, by which the Landlord covenants "to comply with ongoing obligations under the Planning Agreement".

32. By Clause 8, the Company covenants with the Tenant "to perform and observe the obligations set out in Schedule 4". By paragraph 33 of Schedule 4, the Manager covenants "to repair, maintain and where necessary replace the Energy Centre and equipment installed therein".

33. There are two relevant definitions in Clause 1:

(i) "Energy Centre": "means the energy centre on the Estate from which the Energy Service Company or Landlord supplies Heat".

(ii) "Heat Installations": "means the Energy Centre together with the network of pipes, wires and other ancillary plant and equipment that transfers Heat from the Energy Centre to the Heat Interface Unit together with all connected meters and monitoring equipment".

34. Mr Walder argues that the lease is unambiguous. The obligation to repair, maintain and, where necessary replace, the communal heating and hot water system is imposed on the Management Company. This obligation arose on 14 August 2018, the date on which Mr Watkinson executed his lease.

35. Mr Bowker argues that there is a condition precedent to this obligation. The Landlord must first have provided a functioning heating and hot water system. The Tribunal notes that the Management Company does not accept that there is any condition precedent. It accepts that it is liable under the lease.

36. Mr Bowker relies on the Landlord's covenant under Clause 6.11 of the lease:

> "to comply with ongoing obligations under the Planning Agreement".

37. Under the Clause 1 Interpretation Clause, "Planning Agreement" is defined as:

> "the agreement dated 9th December 2016 and made between the London Borough of Hillingdon (1), the Landlord (2) and L & A Uxbridge Limited (3) pursuant to Section 106 of the Town and Country Planning Act 1990 (as amended)".

38. The Section 106 Planning Agreement is at HB.789-886. Packet Boat is "the Owner" under this agreement. Clause 3, headed "Conditionality" provides:

> "3.1 The obligations contained in the Schedule to this Deed are subject to and conditional upon: (i) the grant of Planning Permission; and (ii) Commencement of the Development.
>
> 3.2 All other parts of this deed shall be of immediate force and effect unless otherwise stated."

39. A "Draft Planning Permission" is annexed to the Planning Agreement. Paragraph 11 of the "Schedule of Conditions" provides:

> "Prior to the commencement of development, the measures sets (sic) out the submitted Energy Strategy shall be implemented and completed. Details of the proposed heat and network and CHP unit as well as roof plans showing the inclusion of PV panels shall be submitted and approved in writing by the Local Planning Authority prior to commencement of the development. The plans shall be accompanied by a statement of how the CHP and PVs will be maintained and the mechanisms for reporting the energy and CO2 output of the development to the Local Planning Authority on annual basis. The development must be completed in accordance with the approved plans and operated in accordance with the approved statement."

40. Mr Walder submitted that this imposed no "ongoing obligations" on the Landlord. The Tribunal asked Mr Walder what "ongoing obligations under the Planning Agreement" were contemplated by Clause 6.1 of the lease. There are eight Schedules annexed to the Planning Agreement. Mr Walder referred the Tribunal to Schedule 3 "Canal Landscaping Works and Canal Improvement Works". This Schedule requires the Landlord to carry out canal landscaping works. By Paragraph 4, the Owner covenants "thereafter to retain and maintain the Canal and Towpath Land".

41. This Tribunal cannot accept Mr Bowker's argument that this condition in a draft planning permission annexed to the Section 106 agreement can create the condition precedent for which he contends. *Arnold v Britton* [2015] UKSC 36; [2015] AC 1619 is the leading authority on interpreting contracts. We are satisfied that any reasonable reader having regard to the terms of the lease and the Planning Agreement would conclude that the CHP unit would be installed prior to the grant of any lease.

Thereafter, the obligation to repair and maintain it would fall on the Management Company.

42. The Tribunal would expect any "ongoing obligation" to be specified in the Planning Agreement and not a draft Planning Permission annexed to the Agreement. In any event, Condition 11 of the draft Planning Permission merely requires the developer to submit a statement on how the CHP and PVs will be maintained. The lease does this by imposing that obligation on the Management Company.

43. Mr Walder relies on Clause 2.2 of the Planning Agreement in support of his secondary argument that the draft Grant of Planning permission does not create any rights that the Tenant is entitled to enforce. This provides that:

> "the covenants, restrictions and requirements imposed upon the Owner under this Deed create planning obligations pursuant to Section 106 of the Act and are enforceable by the Council as local planning authority against the Owner without limit of time subject to the terms hereof".

44. It is not necessary for the Tribunal to consider this argument as we are satisfied that the Planning Agreement does not impose any ongoing obligations on the Landlord to repair, maintain or replace the communal heating and hot water system. The lease rather imposes this obligation on the Management Company.

Issue 2: Insurance

The Lease

45. By clause 6.5 of the Lease, the Landlord covenants with the Tenant and the Company:

> ".... to keep the Buildings insured (and to pay all premiums for such insurance upon the same becoming due) in the name of the Landlord and the Company against the Insured Risks with an insurance company of repute nominated by the Landlord and (if required by the Landlord) through the agency of the Landlord in the full reinstatement value and if the Block and/or Estate is damaged or destroyed by an Insured Risk as soon as reasonably practicable apply the insurance monies payable in respect thereof in the repair rebuilding or reinstatement of the Block and/or Estate in a good and substantial manner"

46. By Clause 4.2.1, the Tenant covenants with the Landlord and Company (emphasis added):

> "except in so far as it has been paid to the Company to repay to the Landlord within fourteen days of demand in writing the Tenant's Proportion of the expense which the Landlord shall from time to time incur in the insurance of the Block the Buildings or the Estate (as appropriate) in the full re-instatement cost of the Block and Estate against loss or damage by the Insured Risks save that the insurance in respect of the External Landscape Areas shall only be in respect of occupiers and public liability where appropriate"

47. Mr Walder relies upon the phrase: "the expense which the Landlord shall from time to time incur in the insurance of the Block" in support of his argument that the sums that the Tenant is required to pay are not limited to the premium that is charged by the insurer, but can cover any cost incurred by the Landlord.

The Reasonableness of the Insurance Premiums

48. The tenants have been required to pay the following sums in respect of premiums:

(i) 23 April 2022 to 22 April 2023: £66,529.10. The average annual rate per flat is: £265.06. This policy was cancelled by the First Respondent when it acquired the freehold of Union Park on 22 December 2022 and a refund was paid.

(ii) 22 December 2022 to 21 December 2023: £204,024.31. The average annual rate per flat is: £812.85.

(iii) 22 December 2023 to 31 January 2024 (41 days): £24,718.40. This is an annual rate of £222,054. The average annual rate per flat is: £867.71.

(iv) 1 February to 31 March 2024 (59 days): £38,120.22. This is an annual rate of £235,828.48. The average annual rate per flat is: £939.56.

(v) 1 April 2024 to 31 March 2025: £151,493.16. The average annual rate per flat is: £603.56.

49. Insurance for the twelve month period 23 April 2022 to 22 April 2023 had been arranged by Towergate Insurance Brokers ("Towergate"). The policy was index linked for a new development. The insurance was provided by Property Risk Solutions and the certificates of insurance at IB.33-46. Mr Gubbay states that the insurance had been placed by Packet Boat. However, Packet Boat was in administration. The "insured" named on the certificates is Management Company. The Management Company collected the insurance through the service charge.

50. The First Respondent cancelled this policy on 22 December 2022 when it acquired the freehold. Mr Gubbay states that Towergate gave a rebate to the Management Company. He contends that it is standard industry practice for a purchaser to take out a new policy on the date that it acquires the freehold interest. The Tribunal does not accept this. It would have been open to the First Respondent to have amended the existing policy to record the change of the freehold owner.

51. Mr Gubbay insures his portfolio of properties through a group policy, using Bridge Insurance Brokers Limited ("Bridge Insurance") to arrange this. All risks are priced independently, but the claims history for an Estate are taken into account.

52. Mr Bowker cross-examined Mr Gubbay at some length about a chain of emails running during the period 1 to 21 December 2022 (at IRB.247-299). Mr Gubbay's group of companies were seeking to acquire ten different parcels of land. A particular problem was that a number of the buildings had not been valued for insurance purposes. Rothchilds, Mr Gubbay's bankers, were insisting on the Building Declared Values ("DBV") being increased by 50% in the absence of recent RCA Reports (see IB.286).

53. Bridge Insurance sought quotes from a number of insures, but they were reluctant to do so in the limited time available. It is apparent that there were a number of concerns; namely the presence of combustible materials, the building defect issues and the fact that Union Park was in a flood area. Somewhat surprisingly, Towergate was unable to assist albeit that they had arranged the existing insurance (see p.254). The reason that they gave was that they were unaware of the full construction details.

54. The First Respondent arranged cover for the period 22 December 2022 to 21 December 2023 at a total cost of £204,024.31. Axa charged £134,197.31 whilst Aspen Insurance ("Aspen") provided an excess layer in the sum of £69,827. The Tribunal notes that this was a 200% increase on the cost of the insurance which had been arranged Towergate.

55. On 27 January 2023, Cardinus Risk Management ("Cardinus") provided a RCA (at IB.47). The reinstatement costs was assessed at £59,085,636. The Packet Boat insurance was based on a figure of £39,708,583. This was an increase of 49%. The Tribunal notes that the client is stated to be the Management Company. The survey had been carried out on 23 January 2023. The Management Company could have arranged for the RCA to be carried out before the sale was completed.

56. Mr Gubbay states that the insurance policy was extended to 31 January 2024 (a period of 41 days) as the insurers were hesitant to renew the policy due to risks with Union Park and a shortage of information. The Landlord therefore arranged a short extension to give time to carry out

further due diligence. Axa charged £16,104.33 and Aspen £8,614.07, a total of £24,718.40 (see IB.201). Mr Gubbay states that this was on the same terms as the previous year. If computed on a daily basis, this was an increase of 6.7%.

57. In his statement (at IB.29), Mr Gubbay states that the insurance was renewed for a further period of 41 days with Axa to expire on 31 March 2024, to coincide with the expiry date of all the other properties in the First Respondent's portfolio. He stated that the insurance premium was £33,140.39, together with additional fees of £4,979.83 for both the broker and the landlord. This is not reflected in the invoice at IB.127 which records a premium to Axa of £23,642.92 and to Aspen of £14,477.30, a total of £38,120.22. If computed on a daily basis, this was a further additional increase of 8.3%.

58. The Landlord then arranged for the insurance for the period 1 April 2024 to 31 March 2025. Indexation of 5.6% was applied to the DVA increasing this to £62,394,432. Union Park was included with the other properties in Mr Gubbay's portfolio. The insurance was arranged with Axa who charged a premium of £151,493.16. This was a reduction of 36% on the policy that was then in place, albeit that it was 128% higher than the policy which had been arranged by Towergate.

59. The Applicants have not provided any alternative quotations for insurance. On 30 October 2025, they had applied to adduce a quote from Allianz Insurance. On 13 November 2025, Judge Latham, at the Pre-Trial Review, refused this application. The evidence should have been filed in July and the First Respondent would have no adequate opportunity to deal with it. Mr Walder had noted that the Applicants had not provided a like-for-like quote. Indeed, Allianz were already insuring Union Park.

60. Against this background, Mr Walder argued that the Applicants had not discharged the evidential burden of showing that the insurance was unreasonable. We disagree. The First Respondent increased the insurance by 200% when it became landlord on 22 December 2022. This calls out for some explanation.

61. The Tribunal accepts that the landlord was not obliged to accept the lowest quote (see *COS Services Ltd v Nicholson* [2017] UKUT 382 (LC) per HHJ Stuart Bridge at [48]). However, context, as always, is everything. Every decision will be based upon its own facts. We must be satisfied that the charges in question were reasonably incurred. We must have particular regard to the terms of the lease and the risks against which the landlord is insuring Union Park.

62. The Tribunal does not accept that the First Respondent needed to take out a new policy of insurance. The insurance had been arranged by Towergate, a reputable firm of brokers. This was a new development. The policy would have been indexed linked. The insurer would have been

aware of the claim's history. It would have been open to the First Respondent to have substituted itself as landlord on the existing policy.

63. Given the time pressure imposed by Mr Gubbay's desire to complete his ten purchases by Christmas, there was insufficient time to address a number of queries which had been raised by insurers. These included: (i) an up to date RCA; (ii) the claims history; (iii) any compliance with the EWS1/PAS 9980/FRAEW building safety requirements; and (iv) details of the building construction and defects.

64. We accept that the First Respondent was entitled to commission a new RCA to protect its financial interest in Union Park. We do not accept that the First Respondent could only have arranged a RCA after it had acquired the freehold. The Second Respondent could have arranged this. We note that Cardinus provided a RCA on 27 January 2023 within four days of their inspection.

65. Had the First Respondent retained the existing policy, it could have included Union Park in its group policy on 11 April 2023. The Tribunal was not given any explanation was to why this was not done until 1 April 2024. We note that this resulted in a 36% reduction on the policy that was then in place.

66. The Tribunal is satisfied that the 200% increase in the premium reflected a number of extraneous factors. Mr Gubbay was anxious to complete the purchase ten separate purchases by Christmas which formed part of his property portfolio. Rothchilds, his bankers, were insisting on BDVs being increased by 50% in the absence of recent RCA Reports. Some insurers were reluctant to quote because of the tight timescale. The Tribunal is surprised that Towergate declined to assist given that they had arranged the existing policy. In the event, an excess layer was required by Aspen.

67. The Tribunal is satisfied that the First Respondent should have allowed the existing policy arranged by Towergate to remain in place until 31 March 2023. The demands of Mr Gubbay's bankers was the primary factor as to why this did not occur.

68. The First Respondent should then have included it in its group policy. This did not occur for another year. When this was arranged, an excess layer was not required. Insurance was arranged at a premium of £151,493.16. We are satisfied that this is the maximum that could be considered to be reasonable.

69. We note that this was 128% higher than the insurance arranged by Towergate. However, we accept that there were a number of reasons for this. First, we accept that Union Park was underinsured. There was also a number of further factors: (i) the presence of combustible materials;

(ii) the building defects that had been identified; and (iii) Union Park being in a flood zone.

70. The Tribunal makes the following findings in respect of the insurance premiums charged by the First Respondent:

(i) The premium of £151,493.16 charged by Axa for the period 1 April 2024 to 31 March 2025 is reasonable and payable. This is an average annual premium of £604 per flat.

(ii) The premium of £38.120.22 (Axa: £23,642.92 and Aspen: £14,477.30) charged for the period 1 February 2024 to 31 March 2024 (59 days) is unreasonable. This is an average annual premium of £924 per flat. The Tribunal allows £24,488 for this 59 day period which is an average annual rate of £604 per flat.

(iii) The premium of £24,718.40 (Axa: £16,104.33; Aspen: £8,614.07) for the period 22 December 2023 to 31 January 2024 (41 days) is unreasonable. This is an average annual premium of £877 per flat. The Tribunal allows £17,017 which is an average annual rate of £604 per flat.

(iv) The premium of £204,024.31 (Axa: £134,197.31; Aspen: £69.827) charged for the period 22 December 2022 to 21 December 2023 is unreasonable. The Tribunal allows the sum of £123,097, namely (a) £22,237 for the period 22 December 2022 to 22 April 2023 (122 days); and (b) £100,860 for the period 23 April to 21 December 2023 (243 days). The initial 122 day period is at the annual rate of £66,529.10 arranged by Towergate and the later period of 243 days which is an average annual rate of £151,493.16.

Additional Sums charged for Insurance

71. The First Respondent has charged the Applicants the following additional sums in respect of insurance (see IB.27-29) :

Insurance: 12 months to 21 December 2023: (i) Insurance premium finance charge of £12,001.23; (ii) Freeholder insurance placement and service fee of £18,000; and (iii) Broker insurance placement fee of £18,000.

On 19 May 2023 (IB.180), the First Respondent invoiced the Second Respondent for the two charges of £18,000. No invoice has been provided in respect of insurance premium finance charge. The insurance premium for this year was £204,024.31. Each fee is 8.8% of the total premium.

Insurance: Period 22 December 2023 to 31 January 2024: (iv) Freeholder insurance placement and service fee of £2,207; and (v) Broker insurance placement and service fee of £2,207.

On 17 January 2024 (IB.201), the First Respondent invoiced the Second Respondent for these two charges. Each charge is 8.9% of the total premium of £24,718.40.

Insurance: 1 February 2024 to 31 March 2024: (vi) Freeholder insurance placement and service fee of £4,979.83; and (vii) Broker insurance placement and service of £4,979.83.

On 1 February 2024 (IB.127), the First Respondent invoiced the Second Respondent for the freeholder insurance placement and service fee of £4,979.83. The invoice does not refer to any separate broker's fee. However, there is some confusion in the evidence adduced by the First Respondent. In his statement ([46] at IB28), Mr Gubbay states that the insurance premium for this period was £33,140.39. However, the invoice at IB.27 refers to the Axa Insurance premium being £23,642.92, whilst the Aspen £14,477.30 for the excess layer, a total of £38,120.22. The difference between the two figures is £4,979.83, the sum claimed as a broker's fee. The fee of £4,979.83 would be 15.0% if the total insurance premium was £33,140.39, or 13.1% if the total was £38,120.22.

Insurance: 12 months to 31 March 2025: (viii) Freeholder insurance placement and service fee of £19,493.16; and (ix) Broker insurance placement and service of £20,367.72.

On 14 August 2024 (IB.216), the First Respondent invoiced the Second Respondent for the freeholder insurance placement and service fee of £19,493.16. No invoice has been provided in respect of the broker insurance placement and service fee. The freeholder's fee is 13.44% of the premium, whilst the broker's fee is 13.0%.

72. Mr Bowker raises two arguments. First, these additional sums are not payable pursuant to the terms of the lease. Secondly, he contends that the fees are not reasonable.

73. Mr Bowker relies upon the Directions which were given by the Tribunal on 21 February 2025 (at MB.69). The Tribunal directed the First Respondent to serve a Bundle of Documents in respect of the sums claimed for insurance. This included the following:

> "(h) any remuneration, commission and other sources of income and related income or other benefits in connection with placing or managing insurance received by the landlord/associated landlord, its broker or other agents re insurance;

(i) any other sources of income and related income or other benefits including commissions arising from the provision of insurance;

(j) what services are provided for the income received."

74. Mr Gubbay addresses this in his witness statement (at IB.25):

"28. The First Respondent charges a fee to cover the work undertaken by it including but not limited to arranging the insurance, claims handling, arranging and reviewing the RCA, administering the policies, and arranging finance.

29. In addition to the matters raised above, I would also comment that I have sought additional confirmation from the insurance brokers concerning their tender process and evidence but they have not yet responded to me."

75. The Second Respondent did not file any further evidence in respect of these two matters. Mr Bowker highlighted this, but took a tactical decision not to ask any questions in cross-examination to probe this.

76. However, Mr Bowker did highlight three emails in the exchange between Axa and Bridge during the period 1 to 21 December 2022 which suggest that a commission of 20% may have been included in the premium (see emails dated 7 December (IB.294); 16 December (IB.279); and 22 December (IB.282).

77. The Tribunal accepts that the Landlord is able to pass on additional charges to the Tenants in respect of arranging insurance and handling claims. Clause 4.2.1 of the lease makes clear provision for this.

78. However, the Tribunal is not satisfied that all these sums have been reasonably incurred. No adequate evidence has been provided as to why separate fees were charged by both the broker and freeholder. No evidence was adduced as to how claims were handled. We have already referred to the evidence that a commission may have been included in the premium.

79. The Tribunal makes the following findings in respect of the sums which are claimed:

<u>Insurance: 12 months to 21 December 2023</u>

(i) Insurance premium finance charge of £12,001.23. No evidence has been provided relating to this charge and it is disallowed. We have already found that the First Respondent should have allowed the existing policy of insurance to run until 22 April 2023.

(ii) Freeholder insurance placement and service fee of £18,000 and (iii) Broker insurance placement fee of £18,000. We only allow a single fee. We reduce this to £9,000 as the First Respondent should have allowed the existing policy of insurance to run until 22 April 2023.

Insurance: Period 22 December 2023 to 31 January 2024

(iv) Freeholder insurance placement and service fee of £2,207; and (v) Broker insurance placement and service fee of £2,207. We allow a single fee of £2,207.

Insurance: 1 February 2024 to 31 March 2024

(vi) Freeholder insurance placement and service fee of £4,979.83; (vii) Broker insurance placement and service of £4,979.83. We allow a single fee of £4,979.83. Although it seems that the brokers fee may have been included in the overall premium of £38,120.22, we have already made a substantial reduction to this premium.

Insurance: 12 months to 31 March 2025

(viii) Freeholder insurance placement and service fee of £19,493.16; and (ix) Broker insurance placement and service of £20,367.72. We allow a single fee of £19,493.16. No invoice has been provided in respect of the broker's fee.

Outstanding Issues

80. The Applicants have secured some success on their challenge to the insurance charges. The Tribunal determines that the First Respondent shall pay the Applicant 50% of the tribunal fees which they have paid.

81. The Tribunal will give Directions for the parties to make written representations on whether the Tribunal should make any order against the First Respondent under section 20C of the Landlord and Tenant Act 1985. The written representations should address both (i) whether it is open to the First Respondent to pass on such charges and (ii) whether an order should be made. On (i), different considerations may apply to Issues 1 and 2.

Judge Robert Latham
30 January 2026

Rights of appeal

By rule 36(2) of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013, the tribunal is required to notify the parties about any right of appeal they may have.

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

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

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

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

If the tribunal refuses to grant permission to appeal, a further application for permission may be made to the Upper Tribunal (Lands Chamber).