FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Case References	:	**MAN/00CX/LSC/2024/0234**
Property	:	**WOOLSTON WAREHOUSE, GRATTAN ROAD, BRADFORD, BD1 2NH**
Applicants	:	**(1) Woolston Mill Management Company Limited** **(2) Marfani & Co Ltd** **(3) Khalid Saleem** **(4) Leah Saleem** **(5) GQ Holdings Limited** **(6) Lili Marfani**
Respondent	:	**Rockwell (FC101) Limited**
Type of Application	:	**Payability of service charges, section 27A Landlord and Tenant Act 1985**
Tribunal Members	:	**Judge A Davies** **J Faulkner, FRICS**
Date of Decision	:	**26 January 2026**

DECISION

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1. The insurance costs incurred by the Respondent are recoverable from the Applicants as demanded for the years ending 28 February 2023, 2024 and 2025.

2. The insurance costs demanded from the Applicants for the 11 months ending 28 February 2021 and the year ending 28 February 2022 are varied, and are

payable to the Respondent in the sums shown in the Schedule to this decision.

3. Pursuant to section 20C of the Landlord and Tenant Act 1985 the Respondent's costs of this application are not recoverable from those of the leaseholders of Woolston Warehouse apartments who are not Applicants.

4. No order under section 20C of the 1985 Act is made in respect of the Second, Third, Fourth, Fifth and Sixth Applicants, from whom their apportioned contribution to the Respondent's costs of this application may be recovered subject to the service charge provisions in their respective leases.

5. No order is made under paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002.

REASONS

1. The First Applicant ("the Management Company") is the second party named in the leases of 105 one and two bedroomed apartments in the converted building known as Woolston Warehouse (the property). In addition to the residential units in the property, there are two units let for commercial use, and a carpark.

2. The Second to Sixth Applicants are leaseholders, together holding 30 of the apartments in the property. Mr Qandah is a director of the First and the Fifth Applicant and has been involved in the management of the property since around 2013. From 2013 to 2020 the freeholder permitted the First Applicant to arrange buildings insurance in compliance with the landlord's obligations in the leases.

3. The Respondent acquired the property by share transfer in or about 2016 and subsequently appointed Estates & Management Ltd ("E&M") as its managing agents. E&M instructed Tysers Insurance Risk Management Solutions ("Tysers") to place insurance on behalf of the Respondent.

4. The Applicants objected to various aspects of the new arrangements. Matters came to a head when an insurance claim had to be made in 2024. The Applicants, taking the view that their questions regarding insurance had not been satisfactorily answered, applied to the tribunal on 10 June 2024 for a determination under (1) section 27A of the Landlord and Tenant Act 1985 ("LTA 1985") (2) section 20C of the LTA 1985 and (3) paragraph 5 of Schedule 11 to the Commonhold and Leasehold Reform Act 2002 ("CLRA 2002").

THE LAW

5. Section 27A of the LTA 1985 allows for an application to be made to the tribunal for a determination as to whether a service charge is payable, and if it is, as to the person by whom it is payable, the person to whom it is payable, the amount which is payable and the date and manner of payment.

6. Section 20C of the LTA 1985 enables a tenant to request an order that all or any of the costs incurred by the landlord in connection with tribunal proceedings may not be included in service charges which would otherwise be payable by the tenant. The tenant may specify, in his application, the parties to the proceedings on whose behalf the application is made. On receipt of such a request, the tribunal may make such order as it considers just and equitable in the circumstances.

7. Paragraph 5A of Schedule 11 to CLRA 2002 provides that an application may be made to the tribunal for an order which reduces or extinguishes the leaseholder's liability to pay an administration charge in respect of litigation costs if the lease terms include such a liability.

8. In making any determination under section 27A of the 1985 Act the tribunal is required to have regard to the precise terms of the lease under which service charges are payable.

THE LEASE

9. The terms of the Applicants' leases are similar save for descriptions of the leased premises. The definition of "Service Charge" reads

"the Service Charge: means .....% of the total costs, charge and expenses incurred by the Landlord and/or the Management Company (including the reimbursement of the premium for the Building insurance incurred by the Landlord) in performing the obligations set out in the Sixth and Seventh Schedules ....".

10. The Sixth Schedule to the lease contains the Landlord's obligation to insure the property "against the Insured Risks with a reputable insurance company in an amount that the Landlord reasonably considers to be the full replacement value of the Building plus incidental expenses and architects fees in rebuilding the same which policy may at the discretion of the Landlord be index linked and shall also take out and keep in force a policy of insurance in an insurance office of repute covering liability for injury to persons on the Estate and shall make all payments necessary for those purposes and shall following receipt of written request from the Tenant and payment of the Landlord's reasonable fee for doing so produce to the Tenant the policies of such insurance and the receipt for every such payment or, in the Landlord's discretion, copies of them or reasonable evidence of the terms of the policies and evidence that they are in force and the premiums have been paid".

11. "Insured Risks" are defined in the lease as
"the risks of loss or damage by fire, storm, tempest, earthquake, lightning, explosion, riot, civil commotion, malicious damage, impact by vehicles and by aircraft and aerial devices and articles dropped from aircraft or aerial devices (other than war risks), flood damage and bursting and overflowing of water pipes, apparatus and tanks and such other risks, whether or not in the nature of the foregoing, as the Landlord or the Management Company acting reasonably from time to time decides to insure against".

12. The percentage inserted in the Service Charge interpretation clause differs from lease to lease. In this determination, the percentage in each lease is referred to as "the lease apportionment".

13. The interpretation clause defining the Landlord reads

"the Landlord: includes the person or persons company or corporation for the time being entitled to the reversion immediately expectant on the determination of the Term".

THE HEARING

14. The Applicants had no legal representation. Their case was presented to the Tribunal by Mr Qandah. The Respondent was represented by Mr Joshua Griffin of counsel.

15. The Tribunal was provided with a joint bundle of documents. It had also been given a list of intended applicants and the numbers of their respective apartments. The Tribunal established with Mr Qandah that some of these had not in fact joined the proceedings and that the Applicants named in this decision were the only Applicants.

16. No witnesses were called. Mr Qandah was accompanied by an insurance agent but as no witness statement containing his evidence had been served the Tribunal declined to hear him.

THE APPLICANTS' CASE

17. The Applicants' case consisted of three parts. Firstly, Mr Qandah objected to the fact that the Respondent (which was at that time registered abroad) had acquired the freehold of the property by share transfer without notice to the Management Company. He claimed that the Applicants were entitled to see proof of the transfer and of the appointment of Tysers. His concern arose from the termination of an agreement the Management Company had had with the original landlord, that £2000 would be deducted from the landlord's claim for insurance costs each year to allow for the space within the property taken up by the commercial units and the car park. The Applicants wanted the Tribunal to impose a similar agreement with the current landlord. Further, Mr Qandah said that, although he had requested them, he had not received from E&M (or had only received after a long delay) copies of insurance documents and proof of payment of premiums to which the Applicants were entitled.

18. Secondly, Mr Qandah disputed that the insurance costs were reasonable. Since the Respondent acquired the property the annual costs had increased considerably, rising from about £22,700 in 2019/20 to the equivalent of £31,587.46 in 2020/21 and increasing annually thereafter to £59,052.47 in 2024/25. The Applicants had obtained alternative insurance quotations at lower figures. In response to the Respondent's argument that these were not like for like insurance policies Mr Qandah said firstly that no insurance policies were ever exactly the same as each other and secondly that any differences in the cover did not account for the substantial differences in premium. He also referred to an email from Zurich dated 29 January 2024 which stated "there is technically no insurance cover in place". Mr Qandah said that this was evidence that for 11 months before that date the property had not been insured although the premium had been demanded from the leaseholders.

19. Thirdly, the Applicants raised questions about the apportionment of insurance costs between the various occupants of the property, including the tenants of the car park and the commercial units. Until 2020 provision for the cost of insuring the non-residential parts of the property had been negotiated with the landlord, but the Applicants believed that the residential leaseholders were now making an unfairly high contribution to the cost of insurance cover which benefitted the commercial occupiers. Further, in 2020/21 and 2021/22 Tysers had divided the insurance costs equally between all the residential leaseholders. This was contrary to the lease terms. For 2022/23 and later years Tysers had applied the lease apportionment. However, E&M and Tysers had prepared no correcting account. Consequently, some of the Applicants and non-applicant leaseholders had paid more than the lease apportionment from 2020 to 2022, and some had paid less.

THE RESPONDENT'S CASE

20. For the Respondent, Mr Griffin referred to the Land Registry official copy of the Respondent's title to the property, which was in the hearing bundle, and to the lease which clearly stated that responsibility for insurance lay with the landlord. Copies of insurance documentation had been supplied to Mr

Qandah, albeit after some delay. However, the Applicants' contractual obligation to contribute towards the insurance premium was not conditional upon the Respondent first supplying such documents.

21. Mr Griffin said that the Respondent had made reasonable decisions to engage E&M and to agree to the appointment of Tysers to manage insurance arrangements. The Respondent had produced evidence that Tysers had checked the market for comparative quotations, and had shown that insuring the property under a portfolio policy was unavoidable because, given its claims history, grade II listing, re-build value and method of construction other insurers had refused to quote on a standalone basis. The insurance cover was comprehensive but not unreasonable, and the increase in premiums reflected in part the level of cover, in part "a significant increase in index linking from 2021", and in part the hardening of the insurance market since 2020. The Respondent, he said, was not obliged to choose the cheapest available insurance, and the choices it had made were reasonable. The Respondent relied on a witness statement from Mr James Thompson, the insurance manager at E&M, who explained the increases in insurance costs and also confirmed that in his view the premium quotations supplied by the Applicants did not relate to the same level of cover. This witness statement was formally adopted by Ms Amies of E&M, who was present at the hearing.

22. Regarding the email from Zurich relied upon by Mr Qandah, Mr Griffin drew the Tribunal's attention to another email from Zurich dated the following day (30 January 2024) stating: "I have confirmed with Tysers today that cover remains in force."

23. Mr Griffin acknowledged on behalf of the Respondent that the lease apportionment should have been applied to insurance premium demands sent to the leaseholders in 2020 and 2021, and that the error in applying an equal division of the insurance costs in those years had not been corrected in any subsequent account. This would now be rectified and a spreadsheet setting out the payments properly due would be prepared and

sent to the Tribunal and to Mr Qandah. Notwithstanding this error, the Respondent's position was that the lease apportionment had to be applied to all service charges, including insurance costs, whether or not the Respondent and/or the commercial tenants of the property benefitted from the arrangement.

CONCLUSION

24. The Respondent is the freehold owner of the property and has succeeded to the original freeholder as the Applicants' landlord. The Land Registry entry is sufficient evidence of this.

25. The Respondent has the right to insure the property in any way it reasonably thinks fit. It is not bound by the arrangements made between the Management Company and the original landlord and is not contractually obliged to make a similar arrangement with the Management Company. The Respondent is not required to notify the Applicants or to obtain the approval of the Management Company before appointing managing agents or insurance brokers.

26. The Applicants have not shown that cost of the insurance arrangements made by the Respondent through its property managers E&M or its insurance brokers Tysers is unreasonably high. They have not demonstrated that their alternative quotations provide an acceptable level of cover. The Applicants have not convinced the Tribunal that standalone or cheaper insurance was available for the property for any of the years 2020/1, 2021/2, 2022/3, 2023/4 or 2024/5.

27. The property has been insured at an appropriate level of cover throughout the relevant period.

28. The insurance costs were incorrectly apportioned by the Respondent for the 11 months to 28 February 2021 and the 12 months to 28 February 2022, and the Applicants' service charge accounts are to be amended accordingly.

29. The Respondent's insurance costs as well as all other service charges are to be charged to each leaseholder according to the lease apportionment,

whether or not this results in an anomaly or a benefit to any third party. Should the leases require correction, an application for variation should be submitted.

SECTION 20C OF THE 1985 ACT

30. Mr Qandah stated that if the Respondent had responded appropriately to his requests, the present application would not have been necessary. The costs of the application could and should have been avoided by the production of documents and information when they were requested. Mr Griffin opposed an order under section 20C on the ground that Mr Qandah was unlikely to have settled the Applicants' claims on receipt of earlier information and documents. Mr Griffin referred to the correspondence in the hearing bundle in support of his claim that "there is always something new or not accepted."

31. The section 20C application was said to be made on behalf of all the leaseholders in the property but can only benefit leaseholders who are Applicants.

32. The Tribunal finds that the Applicants were unlikely to be satisfied if the Respondent had produced insurance documents and information promptly on request. No admissions or concessions were made prior to or at the hearing. The Applicants continued to query whether the Respondent was entitled to insure the property, despite production of the Land Registry title. Despite being contractually bound by the lease apportionments they also continued to query the apportioning of the insurance costs on the ground that the commercial tenants seemed to be benefitting. The Tribunal therefore makes no section 20C order in relation to the Applicants' respective shares of the service charge costs as set out in their leases.

PARAGRAPH 5, SCHEDULE 11, CLRA 2022

33. The Applicants did not produce any service charge accounts other than those relating to insurance costs, and the Tribunal was given no information regarding administration charges which may have been added to the accounts. Mr Qandah did not pursue this application either in his written

representations or at the hearing, and the Tribunal therefore makes no order.

SCHEDULE

Party/flat no.	Lease apportionment	Share of insurance costs 1.4.20 to 28.2.21 £28,955.17	Share of insurance costs 1.3.21.to 28.2.22 £33,962.91
Marfani & Co Ltd			
209	1.216605	352.27	413.19
417	0.943399	273.16	320.41
507	1.068640	309.43	362.94
510	1.068640	309.43	362.94
601	1.134402	328.47	385.28
604	1.068640	309.43	362.94
607	1.068640	309.43	362.94
610	1.068640	309.43	362.94
701	1.134402	328.47	385.28
710	1.068640	309.43	362.94
718	1.348130	390.35	457.86
801	1.150843	333.23	390.86
815	0.945335	273.73	321.06
Khalid Saleem			
308	0.739827	214.22	251.27
405	0.904233	261.82	307.10
406	0.772709	223.74	262.43
416	1.068640	309.43	362.94
512	0.969996	280.86	329.44
612	1.019318	295.15	346.19
616	0.969996	280.86	329.44
711	0.805590	233.26	273.60
715	0.756268	218.98	256.85
Leah Saleem			
503	0.863132	249.92	293.14
508	0.780929	226.12	265.23
GQ Holdings Ltd			
415	0.943399	273.16	320.41
517	0.943399	273.16	320.41
518	0.943399	273.16	320.41
613	0.943399	273.16	320.41
Lili Marfani			
811	0.986436	285.62	335.02
812	0.986436	285.62	335.02