FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Case reference	**:**	**CAM/00MG/LSC/2025/0605**
Property	**:**	**Flats 5, 10, 15, 23, 31, 37 & 38, 302-340 Medina House, Silbury Boulevard, Milton Keynes, MK9 2FA**
Applicant	**:**	**RPA1 Limited**
Representative	**:**	**Ms Olivia Eastgate, property manager**
Respondents	**:**	**(1) UK Residential Heights Limited** **(2) Assethold Limited**
Representative	**:**	**For UK Residential Heights, no attendance or representation** **For Assethold Limited, Mr Mark Brittain, counsel**
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	**:**	**First-tier Tribunal Judge K Neave** **Dr Janet Wilcox FRICS**
Venue	**:**	**Remote hearing by CVP**
Date of decision	**:**	**12 February 2026**

DECISION

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Decisions of the tribunal

(1) The Tribunal determines that the following sums are payable by the Applicant to the Respondents by way of service charge in the following service charge years:

2021/2022

Flat 5	Flat 10	Flat 15	Flat 23	Flat 31	Flat 37	Flat 38
£809.17	£845.10	£898.72	£859.57	£877.27	£945.37	£1,000.00

2022/2023

Flat 5	Flat 10	Flat 15	Flat 23	Flat 31	Flat 37	Flat 38
£1,045.12	£1,045.12	£1,045.12	£1,045.12	£1,045.12	£1,045.12	£1,045.12

2023/2024

Flat 5	Flat 10	Flat 15	Flat 23	Flat 31	Flat 37	Flat 38
£1,154.33	£1,154.33	£1,154.33	£1,154.33	£1,154.33	£1,154.33	£1,154.33

(2) The tribunal makes the determinations as set out under the various headings in this Decision.

(3) The tribunal makes an order under section 20C of the Landlord and Tenant Act 1985 so that none of the Second Respondent's costs of the tribunal proceedings may be passed to the lessees through any service charge.

(4) The tribunal determines that the Respondents shall pay the Applicant £337.00 within 28 days of this Decision, in respect of the reimbursement of the tribunal fees paid by the Applicant.

The application

1. By its application dated 5 September 2024, the Applicant tenant seeks a determination pursuant to section 27A of the Landlord and Tenant Act 1985 ("the 1985 Act") and Schedule 11 to the Commonhold and Leasehold Reform Act 2002 ("the 2002 Act") as to the amount of service charges and administration charges payable by it in respect of the following service charge years:

(i) 2021 - 2022

(ii) 2022 - 2023

(iii) 2023 - 2024

(iv) 2024 – 2025

2. In each service charge year, only the final service charges are in dispute. The interim demands are not in issue. As no final demands were made in 2024 – 2025, this year is not actually in issue, despite what is said in the application.

Background

3. The background to this application is set out in the 540 page hearing bundle, which we have considered in detail.

4. Medina House is a converted block of 86 flats arranged over 6 floors, and 7 ground floor commercial units. The subject flats are all one-bedroom apartments situated on the first, second and third floor of the block.

5. The Applicant is the leasehold owner of flats 5, 10, 15, 23, 31, 37 and 38 Medina House ("the Flats") under the terms of individual leases which the tribunal was told are all drafted in like terms. By a transfer dated 15 December 2021, the Flats were transferred to the Applicant by the original leaseholder. The terms of the leases are set out in more detail below.

6. Neither party requested an inspection of the Flats or the block and the tribunal did not consider that any inspection was necessary, and nor would it have been proportionate to the issues in dispute.

7. The original landlord under the terms of the leases of the Flats is UK Residential Heights Limited, the First Respondent. UK Residential Heights Limited remains the registered freehold owner of Medina House, and the Applicant issued this application naming UK Residential Heights Limited as the sole Respondent.

8. Directions were initially given in this case on 2 April 2025 requiring the parties to prepare statements of case and bundles for a final hearing. The Applicant provided a statement of case on 1 May 2025. A statement of case in response naming the Respondent as Assethold Limited was then filed and served. It stated expressly that it was filed on behalf of Assethold Limited. The statement of case is undated and is not supported by a statement of truth. No statement of case was provided by or on behalf of UK Residential Heights Limited.

9. On 30 April 2025, the leaseholders of Flats 1 – 4, 6, 11, 13, 16, 20, 21, 24, 26, 29, 30, 36, 43, 44, 47 – 50, 54, 56, 60, 63, 64, 67 – 70, 72, 74 – 76, 78, 82, and 84 Medina House issued their own separate section 27A application. This application was given case reference CAM/00MG/LSC/2025/0652. The applicants in that application provided the tribunal with a copy of a TR1 form dated 5 April 2023 which records a transfer of the property described as Medina House from UK Residential Heights Limited to Assethold Limited. That transfer has not been completed by registration and the registered freeholder of the block remains UK Residential Heights Limited.

10. By directions given by Judge Wyatt on 17 September 2025, the Applicant in the present case was directed to provide an electronic copy of the hearing bundle to the applicants in the later application, and both applications were listed to be heard by the same panel on 21 and 22 January 2026.

11. It does not appear from any of the directions in the hearing bundles that Assethold Limited was ever formally added to the present application as Second Respondent. It is clearly appropriate that it be so added – it has responded to the application and has provided a statement of case, and indeed was (at least initially) represented by counsel at the final hearing. It is named as the freeholder in the service charge demands made of the Applicant that are in dispute in these proceedings. We accordingly add Assethold Limited as Second Respondent to this application under Rule 10 of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013.

The hearing

12. The Applicant was represented by its property manager, Ms Olivia Eastgate.

13. The First Respondent did not attend the hearing and nor was it represented. On 28 October 2025 it applied for a direction removing it as a Respondent to these proceedings on the grounds that it has no continuing interest in the property, having sold its interest in Medina House to the Second Respondent on 5 April 2023. The Tribunal did not deal with that application in advance of the hearing, and plainly it would have been inappropriate to remove the First Respondent given that some of the service charge years in dispute pre-dated the sale of Medina House. Accordingly, the First Respondent remained a party to these proceedings yet did not attend the hearing.

14. Mr Brittain represented the Second Respondent, until he withdrew from so acting in the circumstances described in more detail below.

15. At the outset of the hearing, Mr Brittain sought an adjournment. He said that he had only been instructed three working days before the hearing, and that his solicitors had not supplied him with the hearing bundle in this application (though he had received the bundle in the other application referred to above). He had not had adequate time to prepare for a final hearing. He did not have any instructions as to why he had not been instructed to attend the hearing until the last minute nor why he had not been given all of the relevant papers.

16. Mr Brittain asserted that the overriding objective required an adjournment so that the issues in the application could be properly argued. He said that there would be no prejudice caused to the Applicant by an adjournment but potentially significant prejudice to the Second Respondent if the hearing were to go ahead in the circumstances.

17. Ms Eastgate opposed the application. She pointed out that the Applicant had complied diligently with the Tribunal's directions and that an earlier hearing listed in September 2025 had already been lost because of the Second Respondent's application to adjourn. She confirmed that she had sent the hearing bundle to the Second Respondent as she had been directed by the Tribunal. The application had remained unresolved for well over a year and the Applicant needed to know how much service charge was payable and to whom it should be paid, especially given that it was being threatened with possible forfeiture action.

18. We considered the Second Respondent's application carefully but decided that it should be refused. We were satisfied that the hearing bundle had been properly served on the Second Respondent. It was not the Applicant's fault that this had not been sent to Mr Brittain. Though we noted that the overriding objective includes ensuring, so far as practicable, that the parties are able to participate fully in the proceedings, there was no good reason for the Second Respondent's failure to instruct counsel to attend in good time before the hearing. We did not accept that the Applicant would be caused no prejudice by an adjournment – we agreed with Ms Eastgate that there was significant prejudice to the Applicant in the further delay and uncertainty that an adjournment would cause. Any prejudice to the Second Respondent appeared to be of its own making. The issues in the present application were not particularly complex and an adjournment would not in our judgment have been proportionate to those issues, nor to the resources of the Applicant and the Tribunal.

19. Mr Brittain informed the Tribunal that, the application to adjourn having been refused, he considered that he was professionally embarrassed as he had not had adequate time to prepare for the hearing. He accordingly withdrew from acting for the Second Respondent and left the hearing.

20. Ms Eastgate asked the tribunal to proceed with the hearing in the absence of both Respondents. We were satisfied that it was appropriate

to do so – we were satisfied that both Respondents had been notified of the hearing and, for the same reasons as we set out above in refusing the application to adjourn the hearing, it was in our judgment in the interests of justice to proceed.

21. Accordingly, we heard oral evidence from Ms Eastgate, who confirmed the content of her witness statement (given under her maiden name of Ms Ellis) dated 29 May 2025. We also heard briefly from Ms Eastgate's manager, Mr Fitzpatrick, who was responsible for the calculations found at page 23 of the hearing bundle. We reserved our decision.

The issues

22. At the start of the hearing, Ms Eastgate and Mr Brittain agreed that the following issues are in dispute and require determination:

    (i) Whether the service charge payable by the Applicant in the service charge years in question is capped under the terms of the leases?

    (ii) If so, how is the cap to be applied and what sum is payable by way of service charge in the years in question?

    (iii) Whether the administration charges made of the Applicant in respect of late payment of the service charge are recoverable under the terms of the leases and if so, whether they are reasonable in amount.

    (iv) Whether an order under section 20C of the 1985 Act and/or an order for the reimbursement of Tribunal fees ought to be made?

23. Having heard the evidence and submissions and considered all of the documents provided, the tribunal makes determinations on the various issues as follows.

The tribunal's decision and reasons

Is the service charge payable by the Applicant capped under the terms of the leases?

24. Ms Eastgate confirmed that the leases of the Flats are all drafted in like terms. We considered the lease of Flat 5 dated 24 June 2021 for a term of 125 years from 1 February 2021 made between the First Respondent as landlord and RP13 Limited as tenant ("the Lease") as a sample lease. The following are the material terms of the Lease:

(i) Under the heading "Particulars", "*the proportion*" is defined as "*a fair and reasonable proportion*".

(ii) By clause 1.19, "*the "Service Charge" and "the Interim Charge" are more particularly defined in the Seventh Schedul*e".

(iii) By paragraph 8 of the fourth schedule, the tenant is obliged "*to pay all proper costs charges and expenses (including solicitors' costs…) incurred by the Landlord for the purposes of or incidental to the preparation service or enforcement (whether by proceedings or otherwise) of:-*

8.1 any notice under Section 146 or 147 of the Law of Property Act 1925….

8.3 the payment of any arrears of the Rent Interim Charge or Service Charge or interest payable thereon…"

(iv) By paragraph 31 of the fourth schedule, the tenant is obliged to "*pay to the landlord the Interim Charge and the Service Charge at the times and in the manner provided in the Seventh Schedule, both of which shall be recoverable in default as rent in arrear*".

25. Paragraph 1.4 of the seventh schedule to the Lease defines "The Service Charge" as follows: "*the proportion (or such other revised percentage as the Landlord deems reasonable from time to time) of those matters comprised in the Total Service Cost and not being more than the Service Charge Cap during the First Period*". Paragraph 1.3 of the seventh schedule defines "the First Period" as "*20 years from the date of this lease*".

26. Paragraph 1.5 of the seventh schedule provides that "*The Service Charge Cap means £1000 per unit capped during the First Period subject to Indexation*". Paragraph 1.6 of the seventh schedule defines Indexation as "*the amount by which the sum of £1000 is increased by the percentage rise (if any) in the Consumer Price Index when the index figure was last published prior to the date of this Lease*".

27. The service charge year has always begun in March. The terms of the Lease provide for the service charge year to commence on the 1st January or such other date as the landlord may decide.

28. The Applicant contends that the effect of these provisions is that in calculating the service charge payable by it in each service charge year, the landlord must:

(i) first calculate the Total Service Cost.

(ii) then determine the proportion of the Total Service Cost payable by each of the Flats.

(iii) then calculate the amount by which the sum of £1000 has been increased (if at all) by the percentage rise in the CPI between May 2021 (being the published month before the date of the Lease) and the last-published CPI figure at the start of the service charge year in March.

(iv) then compare the proportion of the Total Service Cost payable in respect of each of the Flats with the amount by which £1000 has been increased by CPI. The lower sum is the amount payable as the Service Charge.

29. The First Respondent has not engaged with the Applicant's position and has not suggested any alternative interpretation of the terms of the Lease.

30. The Second Respondent asserts that the terms of the Lease permit "*recovery of costs properly incurred, which includes all genuine expenses incurred for the maintenance and management of the property*". The Second Respondent has not given details in its statement of case of any particular provisions of the Lease that it relies upon in making this submission, despite the directions of Judge Wyatt directing it to do so. Though it is correct to say that the definition of "*The Total Service Cost" includes all the landlord's costs incurred in connection with any of the matters referred to in the Sixth Schedule*", the Applicant is required to pay the "Service Charge" as defined in the Lease, not the Total Service Cost. In our judgment, the "Service Charge" is clearly subject to the Service Charge Cap in the years in question.

31. Though the Second Respondent refers in its statement of case to the decision in ***Waller v Hounslow LBC*** [2017] EWCA Civ 45, that case deals with the question of whether service charges have been reasonably incurred within the meaning of section 19(1)(a) of the 1985 Act. The reasonableness of the service charges is not in dispute in the present case – the sole issue is whether, as a matter of the terms of the contract by which the parties are bound, anything more than the capped sum is payable by the Applicant under the terms of the Lease. ***Waller*** does not assist us in the resolution of this issue.

32. In interpreting the Lease, we are required to focus on the meaning of the relevant words used in their documentary, factual and commercial context. We agree with the Applicant that the natural and ordinary meaning of the words used in the Lease is that, whatever the actual amount of the tenant's proportion of the landlord's total service cost in any service charge year, the full sum is not payable by the tenant if it exceeds the cap. Only the capped sum is payable in those circumstances.

33. As to how the cap is to be applied, though the terms of paragraph 1.4 and 1.5 of the seventh schedule could have been drafted in more precise language, it is in our judgment clear that the parties did not intend the capped sum to remain the same for the first 20 years of the term. They intended the cap to increase yearly from a starting point of £1000 per annum in the first year of the lease, in line with "Indexation". Under the terms of the Lease, "Indexation" refers to the percentage rise in the Consumer Price Index when compared to the last published index figure before 24 June 2021 – the date of the lease.

34. Though the lease does not specify whether the comparator index figure to be applied is the one published at the start of the service charge year or at the end, the Applicant has at all times, including in its statement of case, adopted the CPI figure at the start of each service charge year as the comparator (that is to say, when calculating the adjusted cap for the year ending March 2023, the Applicant has compared the CPI figure for May 2021 (being the last published figure before the date of the Lease) with the CPI figure for February 2022 (being the last published figure before the start of the 2022/23 service charge year) and applied the percentage increase to the £1000.00 cap. This methodology was raised squarely in the Applicant's statement of case, and though the Second Respondent asserted in its own statement of case that *"any discrepancy in indexation is not indicative of overcharging but reflects a difference in interpretation*", the Second Respondent has not put forward any alternative method for calculating the amount by which the cap is to increase or decrease in each service charge year. The methodology proposed by the Applicant in our judgment accords with common sense, as it reflects the parties' intention, as we have found it to be, that the cap should increase annually with consumer price inflation. If the comparator figure to be adopted were the CPI figure at the end of the service charge year, it would have accounted for almost two years' inflation at the end of the 2022/23 service charge year. That would not appear to have been what the parties intended.

35. In our judgment, for the reasons set out above, the service charge provisions operate in the way that the Applicant says they do, and no more than the capped sum is payable by the Applicant in the service charge years in question.

How is the cap to be applied and what sum is payable by way of service charge in the years in question?

36. Mr Fitzpatrick compiled the spreadsheet which appears at page 23 of the hearing bundle. He gave detailed evidence about how he calculated the figures that appear on the spreadsheet. He said that he had taken the CPI value for May 2021 (which was 110.8) as his starting point. In the service charge year ending March 2022, the cap did not apply as the service charge for each of the Flats in that year was below the initial cap of £1000.00, save for Flat 38 (which was capped at £1000.00).

37. In respect of the service charge year ending March 2023, he divided the cap of £1000 by the CPI figure for May 2021, and multiplied it by 115.8, being the CPI index figure for February 2022, in order to ascertain by how much the sum of £1000 was increased by the change in the consumer price index. By this process, the cap was increased to £1045.12 for the service charge year ending March 2023. He carried out the same process for the service charge year ending March 2024, in which the CPI index figure for February 2023 was 127.9, producing a service charge cap of £1154.33 for this year. No final service charge demands have yet been made for the year ending March 2025. The capped figure calculated by Mr Fitzpatrick in this year is £1194.04.

38. As set out above, there was no reasoned challenge to this methodology. We accept Mr Fitzpatrick's clear and detailed evidence about how he has calculated the service charge cap in each year.

39. We accordingly find that the following sums are payable by the Applicant in respect of the service charge years in dispute:

<u>2021/2022</u>

Flat 5	Flat 10	Flat 15	Flat 23	Flat 31	Flat 37	Flat 38
£809.17	£845.10	£898.72	£859.57	£877.27	£945.37	£1,000.00

<u>2022/2023</u>

Flat 5	Flat 10	Flat 15	Flat 23	Flat 31	Flat 37	Flat 38
£1,045.12	£1,045.12	£1,045.12	£1,045.12	£1,045.12	£1,045.12	£1,045.12

<u>2023/2024</u>

Flat 5	Flat 10	Flat 15	Flat 23	Flat 31	Flat 37	Flat 38
£1,154.33	£1,154.33	£1,154.33	£1,154.33	£1,154.33	£1,154.33	£1,154.33

40. Though the service charge year ending March 2025 was also identified by the Applicant as being in dispute, as no final demands have been made

for this year and there is no dispute about the interim demands, we make no determination in respect of this service charge year.

Administration charges

41. On 3 May 2023, the managing agent of Medina House, Eagerstates Limited, demanded by email the sum of £120 in respect of each of the Flats. The demand stated that the Applicant had failed to pay the service charges due, that a possession order would be sought and that Eagerstate Limited's costs for arranging the file to be sent to the solicitors was £120.00 for each flat.

42. Despite the directions of Judge Wyatt dated 2 April 2025, the Second Respondent has not identified what provisions of the Lease it relies upon in demanding this sum from the Applicant.

43. Paragraph 8 of the Fourth Schedule of the Lease requires the Applicant to pay "*all proper costs charges and expenses … incurred by the Landlord for the purposes of or incidental to the preparation service or enforcement of …*

    … any notice under section 146 … of the Law of Property Act 1925 …

    … the payment of any arrears of the … Service Charge …"

44. However, it is not clear to us whether any such costs have in fact been incurred by the Second Respondent. The sum of £120.00 referred to in the demands of 3 May 2023 is said to represent Eagerstate Limited's costs. It is not suggested that these costs will be paid or incurred by the Second Respondent and there was no evidence before us to that effect.

45. Further, for the reasons set out above, on 3 May 2023, the Second Respondent had not made a service charge demand for the correct sum. The demands made did not reflect the capped service charge as set out above.

46. For these reasons, in our judgment the administration charges demanded of the Applicant in respect of the Flats are not payable under the terms of the relevant leases.

47. In any event, there was no evidence, beyond what is said on the face of the demand itself, of what work was done in order to justify the administration charges sought. We do not know, because we have not been told, what work was involved in arranging the file to be sent to solicitors, how long it took, nor who carried out this work. We note that, a year after the administration charge demands were made, notices under section 146 of the Law of Property Act 1925 were sent to the

Applicant by Eagerstates Limited themselves, and not by solicitors. This in our judgment calls into question whether the files relating to the Flats were ever sent to solicitors at all.

48. In our judgment, the sums demanded are on their face relatively high for what ought to be routine account management work for experienced managing agents. It is for the Second Respondent to explain how it came to impose the charge in dispute in the amount that it did. In view of the paucity of evidence produced by the Second Respondent about how the charge is made up and what work was carried out in order to justify the charge, we do not consider that the sums demanded are reasonable. Neither is there any sufficient information before us upon which we are able to form a view about what administration fee might be reasonable in the circumstances. The Applicants invite us therefore to find that none of the sums demanded are payable and we do so.

Application under s.20C and refund of fees

49. The Applicant asked the tribunal to order the Respondents to refund the fees that it has paid in respect of the application and hearing. In light of our findings set out above and given that the Applicant has been the successful party in this application we determine that the Respondents should reimburse the Applicant the sum of £337 in respect of its application and hearing fees within 28 days of the date of this decision.

50. The Applicant applied for an order under section 20C of the 1985 Act. Having heard the submissions from Ms Eastgate and taking into account our determinations above, if legal costs are recoverable under the terms of the Applicant's leases by way of service charge we consider that it is just and equitable in the circumstances for an order to be made under section 20C of the 1985 Act, so that the Second Respondent may not pass any of its costs incurred in connection with the proceedings before the tribunal through the service charge. The Applicant has been substantially the successful party in these proceedings, and the Second Respondent has not adequately engaged with the points that the Applicant raised in its statement of case, meaning that the issues between the parties could not be narrowed in advance of this hearing.

Name: Judge K Neave **Date:** 12 February 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).