



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

Case Reference : HAV/00HN/LSC/2024/0516

Property : 60A Nortoft Road,
Bournemouth BH8 8PZ

Applicants : (1) Duncan & Gelena Manuel
(2) Peter Coates

Applicants' Representative (1) In person & on behalf of (2)

Respondents : (1) Cliff Towler
(2) Corvette Estates Limited

Respondents' Representative (1) In person & on behalf of (2)

Type of Application : Determination of liability to pay and
reasonableness of service charges:
s.27A Landlord & Tenant Act 1985

Tribunal Members : Mr D W Cotterell FRICS
Mr C Skinner
Mr C Davies FRICS

Venue: Havant Justice Centre,
The Court House, Elmleigh Road,
Havant PO9 2AL

Date of Decision : 11 February 2026

DECISION

DECISION

- 1 The amount payable by each of the Applicants as service charges for their respective flats for the service charges in the service charge years indicated is as follows:

	2017	2018	2019	2020	2021	2022
Maintenance Costs / leaseholder	£100	£100	£100	£100	£100	£100
Accountancy fees / leaseholder	£0	£0	£0	£0	£0	£0

- 2 The Tribunal makes an order under s.20C of the Landlord and Tenant Act 1985 so that none of the respondent's costs of or arising from this application can be added to the service charges.
- 3 The Tribunal makes an order under s.5A of Schedule 11 to the Commonhold & Leasehold Reform Act 2002 so that none of the respondent's costs of or arising from this application can be sought from the applicant.

REASONS**Introduction**

- 4 By an application dated the 2 September 2024 the applicants seek determination of various service charges levied on them as leaseholders in service charge years 2017 to 2022 inclusive. In parallel, the applicants also seek an order pursuant to s.20C of the Landlord & Tenant Act 1985 and paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002.

Background

- 5 The subject Property comprises a purpose-built block of 11 flats constructed in 2009 by the respondents. Mr. & Mrs. Manuel are leaseholders of Flat 10 at the Property, Mr. Coates of Flat 8. The application sets out the applicants' complaints regarding the

management of the Property, the provision of services, and the related costs charged to leaseholders.

- 6 In addition, the application sets out requests for adjudication in respect of the balance and accounting of the block's service charge accounts. These matters are beyond the jurisdiction of the Tribunal in this application.
- 7 The remaining matters for the Tribunal's determination concern 2 elements of the service charges levied in each of the years in question, namely the charges made to leaseholders for maintenance of the Property and charges for accounting services.

Procedure and Hearing

- 8 Directions were given firstly on 12 March 2025 listing the matter for case management and dispute resolution, secondly on the 2 May 2025 for a dispute resolution hearing, thirdly on 2 July 2025 listing a hearing and directing preparatory actions required of the parties for exchange of evidence and compilation of a bundle.
- 9 An order was then made by Judge Loveday on 1 October 2025 automatically striking out the application for non-compliance with directions, that order being subsequently set aside on 14 November 2025 when further directions were given.
- 10 The parties' agreed bundle was subsequently filed with the Tribunal, runs to 259 pages, and includes the parties' respective statements of case and replies, together with a witness statement from Mrs Kim Smith of Roberts Residential Limited, the respondent freeholder's currently appointed managing agent. Her statement also exhibits various documents relied on by both parties.
- 11 At the hearing Mr Coates was represented by Mr and Mrs Manuel who also appeared on their own behalf as applicants. Mr. Towler also appeared in person and on behalf of the respondents. Mr Ingram-Johnson, a director of Corvette Estates Limited was also present at the hearing but had made no separate witness statement.

The Lease

- 12 Two pages of the lease relating to Flat 10 appear in the bundle followed by, at page 51, a copy of the lease of Flat 8. The applicants submitted that both applicant's leases were in the same form. The lease of Flat 8 is dated the 18 October 2013 and is made between the respondents as Landlord and Mr & Mrs Coates as Tenant. It grants a term of 125 years from 1 January 2012 at an initial rent of £150 per annum. Within the lease the terms "block", "service charge", and "expenditure" are specifically defined.
- 13 By clause 5.2.2, the Tenant covenants to pay to the Landlord without any deduction the Service Charge subject to various provisions, notably that:
- (5.2.2.4) the Landlord's financial year is such annual period as the Landlord determines (in its absolute discretion),
- (5.2.2.6) Expenditure includes both expenses actually incurred during the year in question as well as a reasonable sum accumulated into a sinking fund.
- 14 The lease's Fourth Schedule concisely deals with service charges and may be quoted in full:
1. *"the Expenditure" means the costs expenses and outgoings incurred by the Landlord*
 - 1.1. *in the repair maintenance renewal and insurance of the Estate and the Block pursuant to its covenants contained in Clause 6*
 - 1.2. *in the repair maintenance and renewal of the paths roads and parking areas in the Estate and the boundary walls and fences surrounding the Estate and in keeping the gardens cultivated and in good order*
 - 1.3. *in the exterior redecoration of the Block window cleaning of the Block the employment of Accountants Managing Agents or other professional persons and the performance of all other obligations on the part of the Landlord contained in the Lease and not specifically included in Clauses 1.1 and 1.2 above*
 2. *The "Service Charge" means a one eleventh of that part of the Expenditure*

The Issues

- 15 In their statement of case and at the hearing, the applicants detailed their complaint that the maintenance arrangements for the block during the service charge years in question were inadequate, and that the costs for such maintenance as was provided were unreasonable, not only because there was insufficient record available as to what work had been carried out, but also that the condition of the property from time to time demonstrated that work as had been carried out to the block was not sufficient or of sufficient quality to maintain it.
- 16 The applicants also asserted that the respondents had not properly consulted with them in relation to the annual recurring cost of the maintenance in each of the service charge years issue as required by statute.
- 17 In addition, the applicants complained that the respondents' accounting for service charge expenditure was inadequate, but more particularly that it was of so poor a standard that the costs of it recharged to the leaseholders through the service charge should not be payable as such.

The Evidence

- 18 The Tribunal had received and read the parties' bundle and gave careful consideration to its contents. In addition, at the hearing, Mr & Mrs Manuel for the applicants and Mr Towler for the respondents confirmed their statements of case and were able to clarify and expand on matters of detail pertinent to the application. Mrs Smith also confirmed the contents of her witness statement
- 19 In the course of giving evidence supplemental to her witness statement, Mrs. Smith confirmed that the amounts in issue for the service charge items concerned with the application were as follows in relation to 2018-22 inclusive :

	2017	2018	2019	2020	2021	2022
Maintenance Costs	£4,200	£4,200	£4,270	£4,200	£4,200	£4,200
Accountancy fees	£354	£ 678	£ 648	£ 660	£ 672	£ 672

20 The amount for maintenance in 2017 was provided by the Applicants in their summary (at page 258 of the bundle); the amount for accountancy fees in 2017 is taken from the application (page 15 of the bundle). The parties accepted that these amounts correctly identified the disputed service charges and the amounts in question.

Maintenance.

21 The terms of the lease at clause 6.4 oblige the freeholder to “*maintain renew replace and keep in good order and substantial repair and condition ... the main structure of the block...*”

22 The evidence of both parties describes the means by which the landlord sought to discharge that responsibility, namely by the appointment of Mr Lance Nation, from year-to-year and in each of the years in issue, to carry out repairs at the property during a commitment of 35 hours per month, and his being paid £10 per hour for that work.

23 The applicants complained that Mr. Nation’s work was not only inadequate, but also that there were insufficient records to demonstrate that the work had been carried out at all and, where it had, what time was spent working and in relation to what tasks.

24 In reply, the respondents asserted that the arrangement with Mr. Nation was a cost-effective means of maintaining the building and that the benefits and cost saving was entirely passed to the leaseholders. Mr. Towler for the respondents accepted that the arrangements relied on a high degree of trust in Mr Nation that he would carry out his duties diligently and largely unsupervised. Mr Towler confirmed to the Tribunal that no leaseholders were sent any notices pursuant to the Landlord & Tenant Act 1985, s.20.

25 No evidence was provided by Mr. Nation to the Tribunal, although the respondents include (at page 41 of the bundle) a photograph of a letter ostensibly from Mr Nation dated in manuscript “*20th February 2024*” and addressed “*to whom it may concern*”. The picture of the letter is sub headed “*an example of typical duties*” in the text of the respondents’ statement of case. The letter’s text states that the work described would total “*420 hours pa*”.

26 The contractual relationship described to exist between Mr. Nation and the respondents is obscure. In the 20 February 2024 letter, the author

says that they were “*employed by Corvette Estates and Clifford Towler*” the applicants mention in their statement of case (page 34 of the bundle) that they perceive “*the freeholder has employed a personal friend*” to undertake maintenance. Mr. Towler described the relationship as employment (page 42 of the bundle and at the hearing) and having begun in 2009. He also told the Tribunal that Mr Nation had previously been an employee of another business of his, but that Mr. Nation now needed an income, and the maintenance work was an opportunity for him to earn something, although his previous work had been as a graphic designer.

- 27 The respondent however provided no documentary evidence of any contractual relationship with Mr Nation, nor any payslips or receipts for the payments made to him.

Accounting services

- 28 At exhibit KS1 (pages 81–87) behind Mrs. Smith’s witness statement in the bundle, appear documents each headed as “*service charge budget*” covering the years 2018 to 2024. Mr. Towler told the Tribunal that these documents were sent annually in advance to all the leaseholders and he intended them to operate as a demand for service charge payments and which, it appears, he said were largely effective in obtaining payment. He confirmed that these documents were not accompanied by any statutory notices under the Landlord & Tenant Act 1985 or other regulation.

- 29 None of the documents relating to the service charge years in issue includes mention of accountancy as a service charge item. At exhibit KS2 (page 89) Mrs Smith included copies of accounts prepared by Harding Redmans Chartered Accountants, covering the service charge years 2018 to 2025 in which the cost of “accountancy” is identified firstly in 2020 and then subsequently in the following amounts:

2020 – £371

2021 – £382

2022 – £393

- 30 The parties told the Tribunal that due to a disagreement between them as to the accuracy of accounting records, a revised set of accounts was prepared by MJ Rhodes & Co that determines different cost elements in the service charge budget in the years in question, and notably a revised amount for accountancy services as follows in the service charge years

in issue (excepting 2017) and which appear in Mrs Smith's evidence at KS6:

2018 – £678.

2019 - £648

2020 - £660

2021 – £672

2022 – £672

- 31 Further unattributed documents in this exhibit detail still different amounts for accounting fees and other costs. Mrs Smith told the Tribunal that the MJ Rhodes accounts figures were in her view the correct source of the service charge expenditures and the parties confirmed to the Tribunal that they shared her view.

The Relevant Law

- 32 A service charge is defined by section 18(1) of the Landlord & Tenant Act 1985, which reads as follows:

18 *Meaning of “service charge” and “relevant costs”.*

(1) *In the following provisions of this Act “service charge” means an amount payable by a tenant of a dwelling as part of or in addition to the rent—*

(a) *which is payable, directly or indirectly, for services, repairs, maintenance improvements or insurance or the landlord's costs of management, and*

(b) *the whole or part of which varies or may vary according to the relevant costs.*

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

(3) *For this purpose—*

(a) *“costs” includes overheads, and*

- (b) *costs are relevant costs in relation to a service charge whether they are incurred, or to be incurred, in the period for which the service charge is payable or in an earlier or later period.*

33 Section 19 of that Act provides that there is a limitation on service charges in that they must be reasonable:

19 Limitation of service charges: reasonableness.

- (1) *Relevant costs shall be taken into account in determining the amount of a service charge payable for a period—*

- (a) *only to the extent that they are reasonably incurred, and*
- (b) *where they are incurred on the provision of services or the carrying out of works, only if the services or works are of a reasonable standard;*

and the amount payable shall be limited accordingly.

- (2) *Where a service charge is payable before the relevant costs are incurred, no greater amount than is reasonable is so payable, and after the relevant costs have been incurred any necessary adjustment shall be made by repayment, reduction or subsequent charges or otherwise.*

...

34 In relation to further requirements of landlords in respect of consultation with qualifying tenants, or leaseholders, the Act further states:

20. Limitation of service charges: consultation requirements

- (1) *Where this section applies to any qualifying works or qualifying long term agreement, the relevant contributions of tenants are limited in accordance with subsection (6) or (7) (or both) unless the consultation requirements have been either—*

- (a) *complied with in relation to the works or agreement,*
or

- (b) *except in the case of works to which section 20D applies, dispensed with in relation to the works or*

agreement by (or on appeal from) the appropriate tribunal.

- (2) In this section “relevant contribution”, in relation to a tenant and any works or agreement, is the amount which he may be required under the terms of his lease to contribute (by the payment of service charges) to relevant costs incurred on carrying out the works or under the agreement.*
- (3) This section applies to qualifying works if relevant costs incurred on carrying out the works exceed an appropriate amount.*
- (4) The Secretary of State may by regulations provide that this section applies to a qualifying long term agreement—*

 - (a) if relevant costs incurred under the agreement exceed an appropriate amount, or*
 - (b) if relevant costs incurred under the agreement during a period prescribed by the regulations exceed an appropriate amount.*
- (5) An appropriate amount is an amount set by regulations made by the Secretary of State; and the regulations may make provision for either or both of the following to be an appropriate amount—*

 - (a) an amount prescribed by, or determined in accordance with, the regulations, and*
 - (b) an amount which results in the relevant contribution of any one or more tenants being an amount prescribed by, or determined in accordance with, the regulations.*
- (6) Where an appropriate amount is set by virtue of paragraph (a) of subsection (5), the amount of the relevant costs incurred on carrying out the works or under the agreement which may be taken into account in determining the relevant contributions of tenants is limited to the appropriate amount.*
- (7) Where an appropriate amount is set by virtue of paragraph (b) of that subsection, the amount of the relevant contribution of the tenant, or each of the tenants, whose relevant*

contribution would otherwise exceed the amount prescribed by, or determined in accordance with, the regulations is limited to the amount so prescribed or determined.

35 The “*appropriate amount*” in that context is set by The Service Charges (Consultation Requirements) (England) Regulations 2003 (“the 2003 Regulations”) which direct that for “*qualifying works*” the amount is £250 per tenant or in the case of “*qualifying long-term agreements*” the amount is £100 annually.

36 Section 27A of that Act confers jurisdiction on the Tribunal to make determinations as to costs actually incurred or costs demanded on account prior to works being done or services being carried out:

27A *Limitation of service charges: jurisdiction*

(1) *An application may be made to the appropriate tribunal for a determination whether a service charge is payable and, if it is, as to—*

- (a) *the person by whom it is payable,*
- (b) *the person to whom it is payable,*
- (c) *the amount which is payable,*
- (d) *the date at or by which it is payable, and*
- (e) *the manner in which it is payable*

...

(2) *An application may also be made to the appropriate tribunal for a determination whether, if costs were incurred for services, repairs, maintenance, improvements, insurance or management of any specified description, a service charge would be payable for the costs and, if it would, as to—*

- (a) *the person by whom it is payable,*
- (b) *the person to whom it is payable,*
- (c) *the amount which is payable,*
- (d) *the date at or by which it is payable, and*
- (e) *the manner in which it is payable*

...

The Tribunal's Decision

37 The Tribunal has considered the evidence placed before it and the terms of the application, as well as the applicable law.

Maintenance costs.

38 In the Tribunal's view, the respondents' engagement of Mr. Nation to undertake maintenance at the property, while unusual and placing a very substantial degree of trust in Mr Nation's diligence and veracity, was within the powers of the respondents under the lease terms.

39 In discharging their maintenance obligations by this means, nevertheless, the respondents should, in their position of trust in administering the service charge account, have maintained proper monitoring of works undertaken and ensured that where the cost was to be met by leaseholders under the service charge provisions of the lease, that the work was appropriate, and was properly completed.

40 The applicants complaints as to the standard of work carried out is expressed in their application and evidence, only in general terms. The respondents' answers to these criticisms, notwithstanding, fall short of a convincing demonstration that the contracted number of hours worked by Mr. Nation, and that the nature of the work he undertook, had been properly completed, and further, that all of the work fell within the maintenance obligations set out in the lease.

41 Having regard to that, the Tribunal determines that a reasonable charge to leaseholders under s.19 of the Landlord & Tenant Act 1985 for the maintenance works provided is one-half of the amounts levied by the respondents in the service charge years in question.

42 Further, in the Tribunal's view, the maintenance arrangements as described, and that are the subject of the application, fall within the contemplation of the 2003 Regulations as a Qualifying Long-Term Agreement. In particular, we find that the agreement that appears to have existed between Mr Nation and the respondents, to provide 420 hours of maintenance work at a rate of £10 per hour was a contract for services not amounting to employment by either or both of the respondents. In addition, we find that in each of the service charge years in issue, the £100 threshold for each leaseholder was exceeded. As a consequence, we find that the amount that the applicants should

pay for maintenance in each service charge year in issue is limited to £100.

Accounting costs.

43 The applicants complain that no accounting costs should be payable in any of the service charge years, on the basis that the accounts to which these costs relate have been shown to be wrong to a large degree by M J Rhodes & Co's subsequent audit work, and without any reasonable explanation.

44 As a result, the Tribunal finds that these costs have not been reasonably incurred. The Tribunal therefore finds that no cost for accounting should be chargeable in any of the service charge years in issue.

Summary

45 In summary therefore the Tribunal finds that the amounts payable by each of the leaseholder applicants for maintenance costs and for accountancy fees in each of the service charge years in question should be as follows:

	2017	2018	2019	2020	2021	2022
Maintenance Costs	£100	£100	£100	£100	£100	£100
Accountancy fees	£0	£0	£0	£0	£0	£0

Application under s.20C and Sch 11 para 5A

46 Section 20C of the 1985 Act enables a tenant to apply for an order that all or any of the costs incurred, or to be incurred, in connection with the proceedings before the Tribunal are not to be regarded as relevant costs to be taken into account in determining the amount of service charge payable by the tenant or any other person specified in the application. By virtue of section 20C (3) the Tribunal may then make such order as it considers just and equitable in the circumstances.

- 47 Further, Section 5A of Schedule 11 to the Commonhold & Leasehold Reform Act 2002 permits a tenant to apply for an order reducing or extinguishing the tenant's liability to pay a particular administration charge in respect of litigation costs, including costs in proceedings in the First-tier Tribunal. The Tribunal may make whatever order on the application it considers to be just and equitable.
- 48 The Applicants indicated within their application form that they apply for such orders.
- 49 The Tribunal has determined significant reductions to the service charges levied across the 2 service charge items considered. The Tribunal therefore finds it just, equitable, and reasonable that the respondents do not seek to recover the costs incurred in relation to these proceedings from the applicants or the other persons named by them as part of the service charge, or from the applicants by way of any administration charge.
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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 should be made on Form RP PTA available at <https://www.gov.uk/government/publications/form-rp-pta-application-for-permission-to-appeal-a-decision-to-the-upper-tribunal-lands-chamber>

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).