FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Case reference	**:**	**CAM/34UF/LSC/2025/0627**
Property	**:**	**Flat 4, Southgate House, 25A Henry Bird Way, Northampton, NN4 8GE**
Applicant	**:**	**Mr Sean Fitzgerald**
Representative	**:**	**In person**
Respondent	**:**	**Abacus Land 4 Limited**
Representative	**:**	**Mr Armstrong, 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** **Mr G Smith MRICS**
Venue	**:**	**Remote hearing by CVP**
Date of decision	**:**	**26 February 2026**

DECISION

Decisions of the tribunal

(1) The tribunal determines that:

a. £475.00 is payable in respect of health and safety and risk assessments in 2024, subject to apportionment under the Applicant's lease.

b. £3300.00 is payable as a contribution to the reserve fund in 2024, (being £500.00 towards the redecoration reserve and £2800.00 towards the general reserve), subject to apportionment under the Applicant's lease.

c. The reasonable budget for insurance costs in 2025 is £1850.00, subject to apportionment under the Applicant's lease.

d. The reasonable budget for health and safety and risk assessments in 2025 is £0.00.

e. The reasonable budget for reserve fund contributions in 2025 is £3300.00, subject to apportionment under the Applicant's lease.

f. None of the total sum of £345.00 demanded by the Respondent by way of administration charges in 2023, 2024 and 2025 is payable by the Applicant.

(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 Respondent's costs of the tribunal proceedings may be passed to the lessees through any service charge.

(4) The tribunal determines that the Respondent 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 an application received by the Tribunal on 27 February 2025, the Applicant tenant seeks a determination pursuant to s.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 him to the Respondent landlord.

2. By the time of the hearing, the service charge years in dispute were helpfully narrowed to the final service charge for 2024 and the interim service charge for 2025. The service charge year in this case runs to 31 December in each year.

The background

3. The background to this matter is set out in the 319-page hearing bundle, which we have considered in detail.

4. Flat 4, Southgate House (being the flat that is the subject of this application) is a two-bedroom flat in a converted block of five flats. Neither party requested an inspection of the flat or the block and the tribunal did not consider that any inspection was necessary nor proportionate to the issues in dispute.

5. The Applicant is the registered leasehold owner of Flat 4 under title number NN236217 pursuant to the terms of a lease dated 17 April 2003 for a term of 125 years from 1 December 2002 ("the Lease").

6. The Respondent is the registered freehold owner of Southgate House under title number NN316294.

The hearing

7. At the hearing, which took place by CVP on 5 February 2026, the Applicant attended in person and the Respondent was represented by Mr Armstrong, counsel.

8. The Applicant provided to the Tribunal a copy of a fire risk assessment dated 11 June 2024 relating to the block, which had been omitted from the hearing bundle. After a short adjournment to allow Mr Armstrong to consider the document, he did not raise any issues with the admission of the document into evidence. We allowed the Applicant's oral application to have the risk assessment admitted so that we could consider all of the relevant information in the resolution of the issues in dispute in this application.

9. Mr Armstrong agreed that he did not intend to cross-examine the Applicant, who adopted his statement of case, scott schedule and reply as his evidence in chief. No evidence was called by the Respondent. The parties made submissions on each item in dispute in turn. We reserved our decision.

The issues

10. At the start of the hearing the parties identified the relevant issues for determination as follows.

11. In respect of the 2024 service charge year, the parties agreed that the issues in dispute were:

    (i) Whether the Respondent's costs of £990.00 in respect of health and safety and risk assessments were reasonably incurred.

    (ii) Whether the Respondent's total allocation of £7000 as a contribution towards the reserve fund (£3000 for redecoration costs and £4000 for a general reserve) was permitted under the terms of the Lease and was reasonable.

12. Though the Applicant had also initially identified insurance costs as being in issue in the 2024 service charge year, he agreed during the course of the hearing that he did not intend to dispute this item.

13. In respect of the 2025 service charge year, the parties agreed that the issues in dispute were:

    (i) Whether the Respondent's provision for insurance of £2020.00 and for health and safety and risk assessments of £1000.00 was reasonable.

    (ii) Whether the Respondent's total allocation of £9500 as a contribution towards the reserve fund (£5000 for redecoration costs and £4500 for a general reserve) was permitted under the terms of the Lease and was reasonable.

14. As regards the Applicant's case under schedule 11 of the 2002 Act, the issues in dispute are whether administration charges totalling £345.00 demanded of the Applicant on 9 May 2023, 13 September 2024, 3 January 2025 and 9 March 2025 are recoverable under the terms of the lease and/or reasonable in amount.

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

The tribunal's decision and reasons

2024

Health and safety and risk assessments

16. The Applicant's case, as it is set out in his scott schedule, is that the only risk assessment that was carried out in the 2024 service charge year was a fire risk assessment ("FRA"). He has obtained a quotation for such an assessment from a local FRA specialist, who offered to complete an assessment for £450 + VAT, however he notes the email from the Respondent's managing agent dated 3 July 2025 at page 98 of the hearing bundle which states that the actual cost of the 2024 FRA was £475 including VAT, and he accepts that this is a reasonable sum. He does not understand what other costs were incurred under this heading of expenditure in 2024 to bring the total sum claimed to £990.00 and could not see any other invoices or documents on the managing agent's online portal, where he would expect to find this information.

17. Unhelpfully, the Respondent did not complete the column for its response in the Applicant's scott schedule. Its statement of case does not clearly engage with the Applicant's challenge to the health and safety costs for 2024, save for to say that health and safety needs to be periodically reviewed and that the costs are reasonable. Particularly, the Respondent does not engage with the Applicant's pleaded point that the only risk assessment that was carried out in the 2024 service charge year was the FRA. In submissions, Mr Armstrong said that other risk assessments, including a general risk assessment, were carried out in 2024, but he accepted that he could not give evidence about this and nor could he produce any invoice for this work.

18. Given the Respondent's failure to engage with the Applicant's clearly pleaded case on this point, its failure to produce evidence of its costs over and above the £475 for the FRA in 2024, nor to produce any assessment report or evidence about why a general risk assessment was required in this year and how much it cost, we find that only £475.00 was reasonably incurred in respect of health and safety and risk assessments in the 2024 year and reduce the sum recoverable under this head of expenditure from £990.00 to £475.00 accordingly.

Reserve funds

19. The Applicant's unchallenged evidence, which we accept and which is supported by the accounts, was that in previous years, the practice of the freeholder (by its previous managing agent) was to collect two sums by way of a contribution to the reserve fund. The first sum is ringfenced for decoration works and the other is for a more general reserve. Before 2024, the sum demanded was £500 towards the redecoration reserve and £2800 towards the more general reserve, which the Applicant agrees is reasonable. As at the end of the 2023 service charge year, there was over £13,000 held by way of a reserve.

20. The Respondent's new managing agent, Firstport Property Services Limited, was appointed on 1 January 2023. It has continued the practice of demanding two sums towards the reserve fund, but the sums demanded have increased significantly. In the 2024 service charge year, the allocation to the reserve fund was £3000 for redecoration costs and £4000 for a general reserve.

21. The Applicant accepts that the Lease provides for a reserve fund to be established and maintained. The relevant provisions are at paragraph 4 of the fifth schedule to the Lease which provides for the following to be recoverable as a service charge item: "*for such sum (to be fixed annually) at the end of each year of the Term (as shall be estimated by the Lessor) to provide a reserve fund ("the Reserve Fund") for an item of expenditure to be or expected to be incurred at any time during the period of three years commencing with the date upon which the estimate is made…*".

22. The Applicant's case, as set out in his scott schedule, is that no explanation has been provided for this significant increase in the reserve fund contribution and he is not aware of what works are planned or required. He confirmed that he has never seen any maintenance plan for the building which sets out the Respondent's plans for the next three years (or indeed for any future period). He says that the sums demanded are excessive and have placed an unreasonable financial burden on the leaseholders, especially given that there are only five flats in the block.

23. Again, the Respondent has not adequately engaged with the Applicant's case. In its statement of case, the Respondent simply says that contributions towards the reserve fund are payable under the terms of the Lease and are required in order to spread the cost of major works over the longer term rather than in one service charge year.

24. The Respondent also asserts in its statement of case that it is entitled to set the amount of the contribution towards the reserve at its discretion. This is plainly not entirely correct – the Lease expressly requires the Respondent to carry out some analysis of what works will likely be required in the following three years before setting the amount of the contribution in light of the likely cost of that work.

25. We were provided with no evidence that the Respondent or its managing agent has conducted any such analysis. Mr Armstrong showed us a letter dated 27 March 2024 sent by Firstport to the lessees of the block which states that the block requires internal redecoration and carpet replacement, and that there is a roof leak which requires a full survey. However, the information contained in this letter was in our judgment lacking in important detail. It is not at all clear from the letter what works are required internally or externally at the block; when the Respondent intends to carry out these works; nor what the expected cost of the work is likely to be. No planned preventative maintenance programme was

made available to us. The 3 July 2025 email from Firstport referred to above states that repair works to the roof were in fact carried out in 2024 or 2025, and this did not appear to have involved any major work.

26. The managing agent was not called to give evidence about their decision to set the reserve fund contributions as they did, and indeed the contemporaneous correspondence in the bundle rather suggests that the managing agent set the contributions on the mistaken premise that no reserve fund had been collected by the previous managing agent. On 3 July 2025, the property manager wrote to the Applicant stating "*please note when I took this site on Freemont was not collecting any money for any major works and after attending the site the for the first time I knew there will be works that need to be done and we had to collect funds to complete these.*". This was clearly not correct as reserve contributions are provided for in the 2022 accounts and the Applicant's unchallenged evidence, which we accept, was that there was over £13,000 in the reserve account in 2023. As we did not hear from the managing agent, this potential confusion could not be clarified.

27. These are all matters which are in our judgment highly material to both whether the reserve fund contribution demanded in 2024 is recoverable under the terms of the Lease as "*expenditure to be or expected to be incurred at any time during the period of three years commencing with the date upon which the estimate is made*" and whether the sums demanded are reasonable.

28. We agree with the Applicant that the substantial increase in the reserve fund contributions in 2024, without any explanation, is, at face value, not in accordance with the terms of the Lease which limit the way in which reserve funds may be collected, and is unreasonable. In light of the Respondent's failure to provide any clear explanation for the increase nor any detail of its plans for the reserve fund and for cyclical works in the three years following the 2024 service charge year (or indeed in any other period), we agree with the Applicant and find that the reasonable sum for reserve fund contributions in the 2024 service charge year is £500 towards the redecoration reserve and £2800 towards the general reserve, as was demanded in previous years.

<u>2025</u>

Insurance

29. The Applicant's case on this point is that the yearly insurance premium for the period 1 September 2024 – 31 August 2025 was £1609.52. This figure would have been known to the Respondent when the 2025 budget was set because it pre-dates the start of the service charge year by three months. However, the Respondent has estimated insurance costs for 2025 in the sum of £2020.00, which is a 25% increase on the previous year. He accepts that a 10 – 15% increase would be reasonable but

asserts that no justification for the 25% increase has been provided, especially in circumstances where insurance premiums have been going down rather than up.

30. Mr Armstrong pointed out that this was an interim demand only, and any overspend would be credited back to the leaseholders. He said that a cautious approach would be to add 25% as an estimated figure. However, there was no evidence to say that this is what the Respondent has done. No evidence has been provided at all about the Respondent's decision making process when budgeting for insurance costs, though the point was raised in the Applicant's application and identified as an issue in dispute in the Tribunal's directions of 10 July 2025.

31. We agree with the Applicant that a 25% increase, without explanation, in the provision for insurance in 2025 is unreasonable. We accept that a reasonable increase, in the market as it was in late 2024 and early 2025, would have been 15%. We find that the reasonable provision for insurance in the 2025 budget is £1850.00.

Health and safety and risk assessments

32. The Applicant points out that the FRA dated 11 June 2024 states that there would be no need for a further FRA until June 2027. It is unclear, he says, what the provision made in the 2025 budget for risk assessments of £1000 is intended for.

33. Mr Armstrong said that there would likely be other risk assessments required in 2025, but he accepted that there was no evidence before us about what the planned expenditure for 2025 under this head related to, and he could not point to any documentation which confirmed how regularly such other risk assessments needed to be carried out nor when they were last completed. He again pointed out that this was an interim demand only, and any overspend would be credited back to the leaseholders.

34. We agree with the Applicant that it is surprising that a further £1000 has been allocated towards risk assessments in 2025 in light of what is said in the FRA. Given the Respondent's failure to provide any explanation about this decision, nor to give details of what assessments or inspections were likely to be required in 2025, we find that it was not reasonable to make any provision for risk assessments in the 2025 budget and assess the proposed costs under this head of expenditure as £0.00.

Reserve funds

35. The parties made the same arguments in respect of the provision in the 2025 budget for £5000 for redecoration costs and £4500 for a general reserve as they did in relation to the 2024 service charge year.

36. For the same reasons as we have set out above, we agree with the Applicant that the substantial increase in the reserve fund contributions in 2025, without any explanation, is, at face value, not in accordance with the terms of the Lease which limit the way in which reserve funds may be collected, and is unreasonable. In light of the Respondent's failure to provide any clear explanation for the increase nor any detail of its plans for the reserve fund and for cyclical works in the next three years (or indeed any other period), we agree with the Applicant and find that the reasonable sum for reserve fund contributions in the 2025 budget is £500 towards the redecoration reserve and £2800 towards the more general reserve.

Administration charges

37. The Applicant challenges administration charges totalling £345.00 demanded of him on 14 May 2023, 15 September 2024, 5 January 2025 and 9 March 2025. He says that these sums are not recoverable under the terms of the Lease, nor are they reasonable.

38. Mr Armstrong confirmed that the only clause of the Lease relied upon by the Respondent as entitling it to recover these charges is clause 3(1)(d) which provides that the Applicant is required to "*pay all reasonable and proper costs charges expenses (including solicitors costs and surveyors fees) incurred by the Lessor for the purposes of or incidental to … the preparation and service of a Notice under section 146 of the Law of Property Act 1925 …*".

39. However, there was no evidence before us of: i) whether these costs have actually been incurred by the Respondent; nor ii) what the costs related to (that is to say, what work was done in order to incur and justify the costs). All that is said in the Respondent's statement of case is that the administration charges were imposed "*as a result of the additional work and costs by the manager in having to pursue those charges*". This statement is in our judgment lacking in important detail about the nature of the work carried out and why.

40. There is accordingly no evidence upon which we could conclude that these costs were incurred by the Respondent for the purposes of or incidental to the preparation and service of a notice to forfeit the Lease, or indeed that forfeiture was even in the Respondent's mind at the time that the costs were incurred, if they were incurred. We find accordingly that the costs are not recoverable under clause 3(1)(d) of the Lease.

41. As to reasonableness, similar points apply. There is no evidence of what work was done to justify the charges nor how they are made up. The sums demanded are on their face relatively high for what ought to be routine account management work for experienced managing agents. It is accordingly for the Respondent to explain how it came to impose the charges in dispute in the amounts that it did. The Respondent has failed

to do so and we do not consider that the sums charged are reasonable. Neither is there any sufficient information before us upon which we are able to form a view about what administration fee(s) might be reasonable in the circumstances.

42. The Applicant invites us therefore to find that none of the sums demanded are payable and we do so.

Application under s.20C and refund of fees

43. The Applicant asked the tribunal to order the Respondent to refund the fees that he has paid in respect of the application and hearing. In light of our findings set out above about the Respondent's failure to properly engage with the issues in dispute and given that the Applicant has been the successful party in this application we determine that the Respondent should reimburse the Applicant the sum of £337 in respect of his application and hearing fees within 28 days of the date of this decision.

44. The Applicant also applied for an order under section 20C of the 1985 Act. Having heard the submissions from the parties and taking into account the determinations above, the tribunal determines that if legal costs are recoverable under the terms of the Applicant's lease 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 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 Respondent has not adequately engaged with the points that the Applicant raised in his statement of case.

Name: Judge K Neave **Date:** 26 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).