



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

Case Reference : **MAN/00BL/LSC/2024/0612**

Property : **3 Lower Leigh Road, Westhoughton,
Bolton, BL5 2JP**

Applicant : **Lorraine Sullivan**

Respondent : **Gateway Properties (South East) Limited**

**Respondent's
Representative** : **Mrs Coleman (in-house Solicitor)**

Type of Application : **Landlord & Tenant Act 1985 – s 27A**
Landlord & Tenant Act 1985 – s 20C
**Commonhold & Leasehold Reform Act
2002 – para 5 sch 11**

Tribunal Members : **Judge Richard M. Dobson-Mason LLB**
: **Mrs Joanna Bissett FRICS**

Date of Hearing : **16 January 2026**

Date of Decision : **3 March 2026**

DECISION

- (1) The name of the Respondent shall be amended to Gateway Properties (South East) Limited.**
- (2) The Tribunal determines that the service charges for the Property for the service charge years 2020 to 2024 are not payable by the Applicant.**
- (3) The Tribunal makes an order under s 20C Landlord and Tenant Act 1985 and para 5A sch 11 Commonhold and Leasehold Reform Act 2002.**

REASONS

Background

1. The Application relates to 3 Lower Leigh Road, Westhoughton, Bolton, BL5 2JP (*“the Property”*).
2. The Applicant is Lorraine Sullivan, the long leaseholder of the Property, being one of 5 leasehold properties which form the freehold title owned by the Respondent (*“the Development”*).
3. The Respondent was initially Gateway Property Management Limited, the management company acting on behalf of the freehold owner of the Block. However, by this Decision, the Respondent is amended the said freehold owner, being the party entitled to demand and receive payment of the service charge.

The application

4. On 5 November 2024, the Applicant made an application for an order under s 27A LTA 1985 for a determination as to the reasonableness and payability of the service charges relating to the Property in relation to the service charge years 2020 to 2024 which totalled £1,942.29 (*“the Application”*).

5. The Applicant seeks further orders in respect of s 20C Landlord and Tenant Act 1985 (*"LTA 1985"*) and para 5A sch 11 Commonhold and Leasehold Reform Act 2002 (*"CLRA 2002"*) to restrict the recovery of the costs of the proceedings as service charges and / or administration charges.

The lease

6. The Applicant's interest in the Property is derived from a Lease dated 12 February 2016 between the Applicant and the Respondent (*"the Lease"*).
7. The relevant terms of the Lease are as follows: -
8. By clause 1.1 of Schedule 2 of the Lease the Applicant covenanted with Respondent to: -

"pay the Rent to the Landlord in advance by two equal instalments on or before the Rent Payment Dates by standing order or by any other method that the Landlord from time to time requires by giving notice to the Tenant"

Rent is defined in the lease as *"rent at the initial rate of One Hundred Pound (£100) per annum until the twenty fifth anniversary of the date of this lease ... "*

Rent Payment Dates are defined as *"25 March and 29 September in each year"*

9. By clause 2.3 of the Lease *"the Grant [of the lease] is made in consideration of the Tenant paying to the Landlord the Premium (receipt of which the Landlord acknowledges) and covenanting to pay the Landlord the following sums as rent:*

- (a) *The Rent;*
- (b) *All interest payable under this lease; and*
- (c) *All other sums due under this lease"*

10. By clause 7 of Schedule 2 of the Lease the Applicant covenanted with the Respondent to: -

"7. 1 to pay the Landlord on demand a fair proportion of all costs payable for the maintenance, repair, lighting, cleaning and renewal of all Service Media, structures and other items used or capable of being used by the Property in common with other property.

7.2 To comply with all reasonable regulations the Landlord may make from time to time in connection with those of any of those Service media, structures or other items.

11. By clause 8 of Schedule 2 of the Lease the Applicant covenanted with the claimant to: -

"To pay to the Landlord on demand the costs and expenses (including any solicitors', surveyors' or other professionals' fees, costs and expenses and any VAT on them) assessed on a full indemnity basis incurred by the Landlord (both during and after the end of the Term) in connection with or in contemplation of any of the following:

- (a) The enforcement of the tenant covenants of this lease;*
- (b) Preparing and serving any notice in connection with this lease under section 146 or 147 of the Law of Property Act 1925 or taking any proceedings under either of those sections notwithstanding that forfeiture is avoided otherwise than by relief granted by the court;*
- (c) Preparing and serving any notice in connection with this lease under section 17 of the Landlord and Tenant (Covenants) Act 1995;*
- (d) Preparing and serving any notice under clause 4.2(b); or*
- (e) Any consent applied for under this lease, whether or not it is granted (except to the extent that the consent is unreasonably withheld or*

delayed by the Landlord in circumstances where the Landlord is not entitled to unreasonably withhold or delay consent).

The law

12. The Tribunal is given jurisdiction to decide the reasonableness and payability of service charges by s 27A Landlord and Tenant Act 1985 (“LTA 1985”), which provides: -

(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.*

13. Subsection 2 provides that the application may be made whether or not any payment has been made by the Applicant.

14. The meaning of the expression “service charge” is set out in s 18(1) LTA 1985, meaning:

“...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 of any part of which varies or may vary according to the relevant costs.*

15. In making any determination under s 27A LTA 1985, the Tribunal must have regard to ss 19(1) & (2) LTA 1985 which state:

- a. *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*
- b. *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.*

16. “Relevant Costs” are defined for these purposes by s 18(2) LTA 1985 as:

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.

17. S 20C LTA 1985 provides that the Tribunal may restrict the recoverability of the costs of the proceedings as service charges, where it states: -

(1) A tenant may make an application for an order that all or any of the costs incurred, or to be incurred, by the landlord in connection with proceedings before...the First-tier Tribunal...are not to be regarded as relevant costs to be taken into account in determining the amount of any service charge payable by the tenant or any other person or persons specified in the application.

(2) The application shall be made...

(ba) in the case of proceedings before the First-tier Tribunal, to the tribunal.

(3) The...tribunal to which the application is made may make such order on the application as it considers just and equitable in the circumstances.

18. Para 5A sch 11 CLRA 2002 mirrors s 20 LTA 1985 above but applies to costs that may be recovered as administration charges, as opposed to service charges.
19. The Tribunal is given jurisdiction to decide the reasonableness and payability of administration charges by s 158 Commonhold and Leasehold Reform Act 2002 (“CLRA 2002”), which provides: -

Schedule 11 (which makes provision about administration charges payable by tenants of dwellings) has effect

20. Para 5 sch 11 CLRA 2002 provides that: -

(1) An application may be made to the appropriate tribunal for a determination whether an administration 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.*

21. Para 2 sch 11 CLRA 2002 states that: -

A variable administration charge is payable only to the extent that the amount of the charge is reasonable

22. The meaning of the expression “administration charge” is set out in para 1 sch 11 CLRA 2002, meaning:

“...an amount payable by a tenant of a dwelling as part of or in addition to the rent which is payable-

(c) in respect of a failure by the tenant to make a payment by the due date or on behalf of the landlord or a person who is party to his lease otherwise than as landlord or tenant, or

(d) in connection with a breach (or alleged breach) of a covenant or condition in his lease

The County Court claim

23. The Respondent brought a debt claim against the Applicant, which was issued on 19 July 2024 in the County Court under claim number L12ZA578, seeking payment of £3,081.48 (being £2,670.39 plus interest of £296.09 plus continuing interest, plus court fee of £115) in respect of outstanding ground rent and service charge.
24. The ground rent has since been paid by the Applicant, and that claim is pending further directions.

Directions

25. Directions in respect of the Application were made by a Legal Officer on 9 October 2025 (*“the Directions”*) requiring, *inter alia*, provision of financial information by the Respondent to the Applicant, followed by sequential filing and service of the parties’ statements of case and evidence in support.

The hearing

26. The hearing took place by way of a video hearing on 16 January 2026.
27. The Applicant represented herself. The Respondent was represented by Mrs Coleman, an in-house solicitor.

The Issues

28. The issue to be decided by the Tribunal was whether the service charges for the Property in respect of the service charge years 2020 to 2024 are reasonable.

Determination

29. Initially, the Respondent clarified that the Development contained 3 houses (the Property, 1 Lower Leigh Road, and 491 Leigh Road) and 2 apartments (493 and 495 Leigh Road).

Applicant's submissions

30. In summary, the Applicant submitted, *inter alia*, that: -
- (a) The Property is a terraced house. She understands that service charges are usually payable for flats where they share communal areas or structures, but there aren't any such areas or structures which are provided and which she has access to.
 - (b) When she asked the Respondent what the charges were for, she was told that it was "for a footpath". There is a footpath behind the Property which the other properties in the Development can use, but this is within the title to the Property and is owned and maintained by her.
 - (c) She previously instructed a solicitor to write to the Respondent querying the service charges, by letter dated 29 June 2017, but no response was received.
 - (d) She does not agree that she should pay to have a management company on retention as there is nothing for them to manage.

- (e) She also does not agree that she should have to pay towards any surveys as there is nothing to survey which she can use on a communal basis.
- (f) Accordingly, she disputes that she should pay any service charge as no services are being provided or required in respect of the Property.

Respondent's submissions

31. In summary, the Respondent submitted, *inter alia*, that: -

- a) Although it is not typical for service charges to be payable in respect of leasehold houses, they still apply in this situation.
- b) Clause 2.3(c) requires the Applicant to pay “all other sums due under this lease”.
- c) Clause 7.1 requires the Applicant to pay a fair proportion of costs payable for the maintenance, repair, lighting, cleaning and renewal of all Service Media, structures and other items used or capable of being used by the Property in common with other property.
- d) Re “Service Media”, this would cover matters such as electricity, gas, water, telephone and data supplied to the Property (albeit the Applicant would be responsible for this inside the Property).
- e) They were unable to identify any particular “structures” which related.
- f) As to “other items”, the Respondent has incurred management fees, bank charges, accountancy fees, health and safety fees, site inspection fees and legal fees.
- g) In that regard, there was an implicit repairing obligation on the Respondent and so it was necessary for the Respondent to employ a managing agent on

retention, and to carry out surveys, including health and safety and fire risk surveys.

The Tribunal's determination

32. The Tribunal determines that: -

- a. The Lease does require the Applicant, pursuant to clause 7.1, to pay a fair proportion of all costs payable for the maintenance, repair, lighting, cleaning and renewal of all Service Media, structures and other items used or capable of being used by the Property in common with other property.
- b. The retention of a managing agent may in principle be proper, along with the carrying out of site inspections and surveys, and the incurrence of fees connected with accountancy and legal services.
- c. However, the Property is a self-contained terraced house. The only shared structure or area is the footpath behind the Property, but this is owned and maintained by the Respondent and within the title to the Property.
- d. It is not satisfied that the Respondent is responsible for the Service Media supplying the Property; the suppliers themselves are responsible for the Service Media outside the Property, and the Applicant is responsible for it within the Property.
- e. It is not satisfied that there are any "other items" used or capable of being used by the Property in common with other property pointed to by the Respondent.
- f. Therefore, it is not satisfied that any services, to which the service charges relate, have been provided by the Respondent to the Property.

33. Accordingly, the service charges raised in respect of the Property for the service charge years 2020 to 2024 are not payable by the Applicant.

Costs

34. The Applicant made applications that the costs of the proceedings should not be recovered from her by way of service charge or administration charge.
35. The Tribunal is mindful that the types of orders requested by the Applicant regarding the recoverability of costs in general interfere with the parties' contractual rights and obligations and ought not to be made lightly or as a matter of course, but only after considering the consequences of the order for all of those affected by it and all other relevant circumstances.
36. However, the Tribunal notes that the Application was successful, that the Applicant had previously queried the basis for the service charges, including by a solicitor's letter to which the Respondent could not point to any response having been provided, and that there appeared to be no basis for those charges to have been raised to the Applicant.
37. With the above in mind, the Tribunal determines that it is just and equitable in the circumstances for an order to be made under s 20C Landlord and Tenant Act 1985 and sch 11 para 5A Commonhold and Leasehold Reform Act 2002, so that the Respondent may not pass on any of its costs incurred in connection with these proceedings to the Applicant by way of service charge or administration charge.