FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Case reference	:	**LON/00BK/LSC/2025/0869**
Property	:	**Flat 2, The Brazen Head, 69 Lisson Street, London NW1 5DA**
Applicant	:	**LATEP Estates Limited (landlord)**
Representative	:	**Mr G Shonaike**
Respondent	:	**PSE Proptech Limited (leaseholder)**
Representative	:	**Mr Dublish**
Type of application	:	**For the determination of the liability to pay service charges**
Tribunal members	:	**Judge R Percival** **Ms S Coughlin MCIEH**
Venue and date of hearing	:	**10 Alfred Place, London WC1E 7LR** **15 January 2026**
Date of decision	:	**16 February 2026**

DECISION

Decisions of the tribunal

(1) The insurance rent charged and invoiced in respect of 2024/25 was reasonably incurred.

(2) The Tribunal declines to determine the reasonableness of the estimated service charges. The Tribunal also declines to make a determination in relation to the service charge implied by the reconciliation accounts. This conclusion applies to the separately identified charge for roof repairs, and to the parasitic applications for contractual legal costs and interest.

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

(4) The Tribunal makes an order under paragraph 5A of schedule 11 to the Commonhold and Leasehold Reform Act 2002 extinguishing any liability of the Applicants to pay an administration charge in respect of litigation costs of the application.

The application

1. The Applicant seeks a determination pursuant to s.27A of the Landlord and Tenant Act 1985 ("the 1985 Act") as to the amount of service charges and a determination under paragraph 5 of the Commonhold and Leasehold Reform Act 2002 ("the 2002 Act") as to the amount of administration charges payable by the Respondent in respect of the service charge years 2023, 2024 and 2025.

2. Copies of the legislation referred to in this decision and other sources of free legal information are set out in the appendix to this decision.

The background

3. The property is a one bedroom flat in a converted public house. There are two other flats in the building. The ground floor is let to a commercial tenant.

The lease

4. The lease is dated 27 October 2017, and is for a term of 150 years.

5. The lease makes separate provision for "insurance rent" and a general service charge. Both are "service charges" within the meaning of section 18 of the 1985 Act.

6. The insurance rent is defined as "a fair and reasonable proportion determined by the Landlord of the cost of any premiums (including any IPT) that the Landlord expends …" (definitions are set out in clause 1).

7. The tenant covenants (schedule 4, paragraph 3) to pay the insurance rent as demanded by the landlord under schedule 6, paragraph 2. The latter paragraph provides that the landlord is

> "2.2 To serve on the Tenant a notice giving full particulars of the gross cost of the insurance premium payable in respect of the Building … . Such notice shall state:
>
> (a) the date by which the gross premium is payable to the Landlord's insurers; and
> (b) the Insurance Rent payable by the Tenant, how it has been calculated and the date on which it is payable.
>
> 2.3 In relation to any insurance effected by the Landlord under this paragraph, the Landlord shall:
>
> (a) at the request of the Tenant supply the Tenant with:
> (i) a copy of the insurance policy and schedule; and
> (ii) a copy of the receipt for the current year's premium;"

8. The Service Charge, as defined in the lease, "means a fair and reasonable proportion of the Service Costs", the latter being defined as the expenses of the discharge of the landlord's covenants (listed in schedule 7, part 2). The service charge year is defined as the year from the date of the lease (27 October), or such other year as the landlord determines.

9. The service costs set out in schedule 7, part 2 include the services set out in part 1 of the same schedule, which include the normal obligations of a landlord in relation to the common parts, and such additional items as paying relevant professionals, satisfying insurer's requirements and so on.

10. The service charge mechanism is set out in part in schedule 4, which sets out the tenant's covenants, and in part in schedule 6, the landlord's covenants. The tenant covenants to pay an estimated service charge in two instalments. The instalments are to be paid "on or before" the rent payment days, defined as 25 March and 29 September in each year.

11. There is provision for reconciliation. In the event of a surplus, the tenant's over-contribution is credited to him, and deficit is to be paid by a demand for the tenant's contribution (schedule 4, paragraph 2.3).

12. The landlord covenants to send the tenant an estimate of the service charge costs and statement of his estimated service charge "as soon as possible after the start of each service charge year", and "as soon as practicable after the end of each service charge year, to prepare and send to the tenant a certificate showing the Service Costs and the Service

Charge for that Service Charge Year." (schedule 6, paragraphs 4.2 and 4.3).

13. Provision is made for expenditure not included in the calculation of the service charge in one year to be included in the estimate and certificate for a subsequent year. Otherwise, the certificate is conclusive (schedule 6, paragraph 4.5).

14. By schedule 4, paragraph 7, the tenant covenants:

> "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 any of the Tenant Covenants;
>
> (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;
>
> …"

15. Notices are dealt with in clause 14. The first rule is that

> "A notice given under or in connection with this Lease shall be:
>
> (a) in writing and for the purposes of this clause a fax or an email is not in writing; …"

16. A more general provision at clause 1.9 states "[a] reference to writing or written excludes fax and email" (clause 1.9).

17. The clause on notices goes on provide that notice can be given by leaving (at the landlord's address/the property) or sending by first class post, with a deeming provision that it is received (the reference to clause *15*.1 in clause 14.2 must be a typographical error), and that otherwise section 196 of the Law of Property Act 1925 applies.

18. The proportions attributable to the Respondent's flat were not set out in the bundle. At the outset of the hearing, Mr Shonaike, for the Applicant, told us that there were two sets of contribution percentages. They were as follows:

Tenant	Common parts service charge	Insurance rent and repairs etc
Flat 1	23.51%	11.89%
Flat 2	24.42%	12.35%
Flat 3	52.07%	26.33%
Commercial premises	–	49.42%

19. The Applicant explained that the lease of the commercial tenant, which was not before us, excluded them from liability for a service charge in respect of the common parts, as they did not have access to or use those parts. However, they were required to contribute to expenditure on repairs etc to the building as a whole, such as roof repairs. It is not entirely clear to us how this distinction is applied, but the issue was not before us.

20. The shares, where they applied, had been calculated by reference to respective floor space.

21. Mr Dublish said that this was the first time he had been given these figures.

The hearing

Introductory

22. The Applicant was represented by Mr Shonaike, the property manager employed by the Applicant responsible for the property, and Mr Patel, a director. The Respondent was represented by Mr Dublish, the director of the Respondent.

23. We noted at the outset that the bundle prepared by the Applicant was inadequate. It did not include material that had been provided by Mr Dublish (albeit it late). Neither did it include any witness statements, invoices relating to the service costs or relevant certificates.

24. No-one from the Applicant's managing agent was present (or had provided a witness statement).

25. The issues were set out in a Scott schedule, and we proceed by considering each entry in turn.

Ground rent

26. The Applicant laboured under the misapprehension that ground rent was within the jurisdiction of the Tribunal, which it is not. However, the Respondent had noted that his failure to pay ground rent was agreed on the Scott schedule, which could have been of potential relevance to the Applicant's claim for contractual interest, which was before the Tribunal as an administration charge (paragraph 1(1)(c) of schedule 11 to the 2002 Act).

Insurance

27. The Applicant's insurance rent in relation to 2024/25 was £697.21. The Applicant explained that its broker carried out property-specific market testing every year, and the premium paid in this year was the lowest quotation obtained, from a number of insurers in the relevant market.

28. There was little documentation in relation to the insurance in the bundle. There was no certificate of insurance nor any policy details. There was indeed, no information about the insurance in the limited accounts with which we were supplied. A figure for the following year did appear. Mr Shonaike suggested that the figure for that year, 2025/26, was likely to be similar. It was £2,840, which, we were told, was the figure excluding the contribution from the commercial tenant.

29. Mr Dublish argued that there being none, or hardly any, of the relevant documents in the bundle, no evidence of competing quotations and no explanation of the scope of the coverage, we should not conclude that the amount charged was reasonable in amount.

30. We have considerable sympathy for Mr Dublish. The documentation provided was minimal. The invoice for insurance rent, dated 5 January 2024, contained none of the details required by the lease (including the date by which it should be paid), with the exception of the amount due from the Respondent.

31. However, the Respondent expressly accepted that the insurance rent was payable under the lease. His response to the application was that the insurance premium was not reasonable in amount, rather than not payable. It is clear that his concern about the material available to him reflected that concern, not an allegation that the insurance rent had not been properly demanded.

32. We have set out above the requirements that the lease sets down for the demand for insurance rent above. We have also set out the general notice requirements, which require notice in writing, and exclude emails from the definition of "in writing". But the Respondent has not taken this point, and it is not one that we consider we are in a position to take of its own initiative. The Tribunal should only rarely require a party to meet a novel point that the Tribunal itself has raised, and must then make

appropriate procedural provisions to allow the novel point to be properly engaged with by both parties: see, most recently, *Sovereign Network Homes v Hakobyan and others* [2025] UKUT 115 (LC), [2025] 1 WLR 3782, and cases cited therein. We do not think we should do so here.

33. The position we are left with is that the Respondent did not rely on the technical defects of the invoice, and, in relation to substantive reasonableness, has not provided any alternative quotations.

34. We accept the evidence of the Applicant that the insurance was procured with the use of a broker, and that the lowest quotation was that which they proceeded with. In the light of these considerations, we consider that the Applicant has raised a sufficient prima facie case of reasonableness, and that the Respondent has failed to dislodge that case.

35. *Decision*: the insurance upon the basis of which the insurance rent charged and invoiced in respect of 2024/25 was reasonably incurred.

The Advance Service Charges in the relevant years

36. The Scott schedule included two entries, one for "Service Charge Advance (2024)" and one for "Service Charge Advance (2025)". Both were for a figure of £1,849.81.

37. It was not clear to the Tribunal which year or years were in issue. We noted that the figure in respect of each entry was that for a six month period, not a whole year. When we asked what was the service charge year that the Applicant operated, we did not receive a clear answer. After much consideration of such papers as we had, including the reconciliation schedule provided, it finally became apparent that the Applicant charged its estimated advance service charge on the basis of a September to September year. However, it calculated the reconciliation on a calendar year basis. This seemed to work, in a rough way, only because the advance service charge demanded (but see below) in the previous three years had been for exactly the same sum.

38. We were, accordingly, being asked to find the advance service charge demands made in respect of a service charge year from September 2024 to September 2025 payable and reasonable, despite there being a reconciliation account produced for the calendar years 2022, 2023 and 2024. In each year, these showed that the advance service charges made (in each case, for the same sum as those now being claimed to be reasonable) exceeded the outcome figures. That for 2024 did so, in the case of the Respondent, by £595.15, or 19% of the outturn figure (£3104.47), and by £1,176.94 for 2024, or 21% of the outturn (£5,499.04). All of the figures provided to us were on documents generated on 7 August 2025, but which must have been available to the Applicant well before that date, including in the case of 2024.

39. This application was made on 6 October 2025. We did not receive any clear explanation as to why the Applicant was asking us to find an estimated figure to be reasonable, when the Applicant had available to it the out-turn figures, albeit those were arrived at following a reconciliation process which applied to a different year, but which nonetheless found significant underspend.

40. There was also no budget served with the estimated service charge to give any indication of what the figure was based on, other than repeating a figure from, in each case, the previous year. In the Scott schedule, in apparent response to the Respondent's allegation that there had been "no supporting invoices or breakdown", the Applicant stated that there was a "[d]etailed breakdown of the anticipated and actual expenditure in the Applicant's statement … and accounts …". The "statement" on the pages indicated was, in fact, merely the brief outline in an application form, and the accounts were the reconciliation accounts we have discussed above.

41. We indicated to the parties that it bordered on the absurd to ask the Tribunal to make a determination of the reasonableness of estimated service charges, not only when the final, post reconciliation, figures were available, but also when the reconciliation had been carried out on the basis of a different period to that of the estimated service charge. The Applicant accepted that proposition, and instead asked us to determine that the final service charges were reasonable, on the basis of the reconciliation account.

42. We declined to do so. First, there was simply no proper supporting material which would have allowed the Applicant to make a prima facie case that the charges were reasonable. Even if there was a very basic breakdown in the reconciliation accounts (unlike the lack of any breakdown at all for the estimated charge), that was rudimentary, and unsupported by any invoices.

43. Secondly, Mr Dubish said that if those accounts were to be the subject matter of the application, he would wish to make substantive objections to some of the headings (now that headings, at least, were available). He referred specifically to the spend on fire health and safety matters, but said there might also be other areas he would want to contest. It would, therefore, clearly be procedurally wrong to expect him to meet such a changed case without proper notice.

44. The result is that we decline to make a determination in respect of the estimated service charges, and we decline to allow the Applicant to change the basis of the application (under this heading) to a consideration of the reasonableness of the outturn figures. Thus the consequence is that the reasonableness of both service charges remains un-determined, and it is open to either party to make an application in the future in relation to the outturn figures. We add that it became clear

at a later point in the hearing that some, most or all of the demands made by the Applicant were made by email. As we have noted, emailed demands are not made in accordance with the lease. Any argument as to validity of email notices on this basis would be open to a party to make if there were any subsequent application to which it was relevant.

45. *Decision*: The Tribunal declines to determine the reasonableness of the estimated service charges. The Tribunal also declines to make a determination in relation to the service charge implied by the reconciliation accounts.

Roof repairs

46. Although again the paucity of documentation meant we did not know what this heading related to in advance, the Applicant's representatives explained that disrepair to a chimney stack on the building required to be undertaken. The stack was, we were told, in a dangerous condition which could have resulted in masonry falling into the street.

47. The cost for the work is given in the reconciliation account as £1,380, under the heading "remedial works to roof", we were told. That does not square with the charge made to the Respondent (£345.80). However, Mr Patel told us that the cost given in this account related only to the proportion attributable to the residential flats. The total cost, he said, was £2,800.

48. The entry indicates that the work took place on 3 February 2023. While there is no date for the invoice (which was not produced), we assume that it would have been relevant to the actual charge for 2022/23, which was not before us. It appears, however, as a separate item in the Scott schedule and was billed separately to the Respondent on 30 October 2024, so we consider it is properly before us in this application. Nonetheless, it does raise the issue of the inconsistency of the service charge year and the reconciliation accounting.

49. However, in the first place, we have already concluded that we should not determine the estimated service charges, and have declined to determine the reasonableness of the outturn figures, on the basis only of the reconciliation accounts. We accordingly consider that this item falls within that general conclusion, and therefore, for the reasons given above, we decline to determine it.

50. We add that, if we were wrong about that, the expenditure clearly triggered the requirement for consultation under section 20 of the 1985 Act, as Mr Dublish asserts in his comment in the Scott schedule.

51. The Applicant states in the Scott schedule "[n]o evidence from Respondent that works were unnecessary or that consultation (if

required) was not undertaken or dispensable. Applicant's statement … confirms necessity."

52. It is for the Applicant to make a prima facie case of reasonableness on its own application, not for the Respondent to negative it. The Applicant's statement, such as it is, merely asserts "necessity", without more. There are no invoices or descriptions of the works.

53. However, before us, the Applicant confirmed that a consultation process was required, that none were undertaken, and that no application to dispense with the consultation requirements had been made. On that basis, the amount that can be claimed, unless dispensation were to be allowed, is £250.

54. *Decision*: The roof repairs fall into the category of matters we decline to determine (see paragraph 45 above). If that were not so, the amount capable of being charged in the service charge would be limited to £250.

Legal/recovery costs and late payment interest

55. These constitute the last two entries in the Scott schedule.

56. In relation to the first, the Applicant asserts that £1,920.80 is owed under schedule 4, paragraph 7 of the lease.

57. In relation to the second, schedule 4, paragraph 4, provides for the tenant to pay interest at a specified rate on any payment due under the lease "and not paid within seven days of the date it is due". The claim for interest is calculated at £231.37.

58. Both appear in the reconciliation account. Given that they also appeared separately in the Scott schedule, it cannot be said that Mr Dublish had no advance warning, so that our reason for not acceding to the Applicant's request that we determine the out-turn figures in the reconciliation document rather than the estimated costs does not apply. However, in both cases, these charges are parasitic on the issues that would arise in relation to the out-turn figures, should they be challenged. The legal costs relate to the enforcement of covenants, so it is possible that it would be argued that they did not apply, where no covenant had been breached. And similarly, the late payment interest claim is dependent on there being an obligation to pay that has not been satisfied.

Applications for additional orders

59. The Applicant applied for an order under section 20C of the 1985 Act that the costs of these proceedings may not be considered relevant costs for the purposes of determining a service charge; and an order under paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform

Act 2002 extinguishing any liability to pay an administration charge in respect of litigation cost in relation to the proceedings.

60. We consider these applications on the basis that the lease does provide for such costs to be passed on either in the service charge or as administration charges, without deciding whether that was the case or not. Whether the lease does, in fact, make such provision is, accordingly, an open question should the matter be litigated in the future.

61. An application under section 20C is to be determined on the basis of what is just and equitable in all the circumstances (*Tenants of Langford Court v Doren Ltd* (LRX/37/2000). The approach must be the same under paragraph 5A, which was enacted to ensure that a parallel jurisdiction existed in relation to administration charges to that conferred by section 20C.

62. Such orders are an interference with the landlord's contractual rights, and must never be made as a matter of course.

63. We should take into account the effect of the order on others affected, including the landlord: *Re SCMLLA (Freehold) Ltd* [2014] UKUT 58 (LC); *Conway v Jam Factory Freehold Ltd* [2013] UKUT 592 (LC); [2014] 1 EGLR 111. In this case, the Applicant is a landlord owning or managing about 15 properties. There is no indication that it would face any special difficulty were an order to be made, such as is the case where the landlord is a leaseholder-owner company without access to income other than through the service charge.

64. The success or failure of a party to the proceedings is not determinative. Comparative success is, however, a significant matter in weighing up what is just and equitable in the circumstances.

65. In this case, however one characterises it, the Applicant has not been successful, insofar as we have declined both its application to determine the estimated service charges, and its application that we determine the out-turn service charge on the basis of the reconciliation accounts. The reason we are in this position is because of flaws in the way that the Applicant has put its case. It sought a determination that estimated service charges were reasonable without any substantive documentary support (in particular, there were no budgets upon the basis of which the estimates were made) and no invoices supporting any expenditure; and well after the estimated charges had become irrelevant because a reconciliation process had been undertaken, but on the basis of a different accounting year to that used in relation to the estimated service charges. It was both misconceived in its approach, and in the almost complete lack of proper supporting documentary material.

66. In the light of these considerations, we consider it would be unfair and inequitable if the Respondent was required to pay the costs of these proceedings, and we make the orders applied for accordingly. This is not a case where it is appropriate to make an assessment leading to an order that only a specified percentage of the costs could be passed on.

67. *Decision*: The Tribunal orders

(1) under section 20C of the 1985 Act that the costs incurred by the Respondent in proceedings before the Tribunal are not to be taken into account in determining the amount of any service charge payable by the Applicant; and

(2) under Commonhold and Leasehold Reform Act 2002, schedule 11, paragraph 5A that any liability of the Applicant to pay litigation costs as defined in that paragraph be extinguished.

Rights of appeal

68. 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 London regional office. The application should be on form RP-PTA, which is available on the Tribunal's website, or by application to the case officer.

69. The application for permission to appeal must arrive at the office within 28 days after the Tribunal sends written reasons for the decision to the person making the application.

70. If the application is not made within the 28 day time limit, the 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 these reason(s) and decide whether to allow the application for permission to appeal to proceed despite not being within the time limit.

71. The application for permission to appeal must identify the decision of the Tribunal to which it relates, 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.

Costs Applications

72. If either party wishes to make an application for costs under Rule 13(1)(b) of the Tribunal Procedure (First-tier Tribunal)(Property Chamber) Rules 2013, that party must send or deliver an application on form Order 1 to the Tribunal and to the other party within 28 days after the date on which this decision is sent to the parties (rule 13(4) and (5)).

73. If an application is made, the Tribunal will issue directions for its determination.

Name: Judge R Percival **Date:** 16 February 2026

APPENDIX: SOURCES FOR FREE LEGAL MATERIALS

Legislation

The legislation referred to in this decision may be found at:

https://www.legislation.gov.uk/ukpga/1985/70
https://www.legislation.gov.uk/ukpga/2002/15/contents

Case Law

The dedicated website for Upper Tribunal (UT) cases, which are binding on this Tribunal, is:

https://landschamber.decisions.tribunals.gov.uk/Aspx/Default.aspx

The search engine does not allow for free text searching. Sufficient information to use the provided search engine (such as the date of the case or the parties names) may be available via a google search.

Alternatively, the official National Archive website is at:

https://caselaw.nationalarchives.gov.uk/

This has a better search engine, but does not contain UT decisions before 2015, and there may be gaps in its provision thereafter.

The National Archive website can also be used for finding cases in higher courts, including those referred to in UT decisions.

Alternatively, many UT decisions, and most other important cases in all courts, are available on:

https://www.bailii.org/ .

Bailii stands for British and Irish Legal Information Institute. It is a charity that has published free caselaw for many years, and has in some cases loaded up earlier case law.