



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

Case reference : LON/00AU/LSC/2025/0857

Property : Quartz House 4 Stirling Way London N7 9HU

Applicant : The leaseholders named on the application

Representative : -

Respondent : Peabody Trust (1)
Pewter N7 Management Company Limited (2)
LTR (Caledonian Road) Limited (3)
Long Term Reversions (Harrogate) Limited (4)

Representative : Winkworth Sherwood LLP

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 : Mrs E Flint FRICS
Ms J Rodericks MRICS

Venue : 10 Alfred Place, London WC1E 7LR

Date of decision : 10 March 2026

DECISION

Decisions of the tribunal

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

The application

1. The Applicant 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 (where applicable) administration charges payable by the Applicant in respect of the service charge years 2022-23, 2023-24, 2024-25 and 2025-26.

The hearing

2. The Applicant, made up of thirteen leaseholders was represented by Ms Zehra Churdy, Ms Rebecca Voelcker and Ms Madeline Ladell, three of the leaseholders, who appeared in person at the hearing. The First Respondent was represented by Ms Olivia Ford of Counsel and the second respondent by Ms Amanda Lockwood of Rendall and Rittner and the Third and Fourth respondents by Ms Emma Parkiss of Pier Management.

The background

3. The property which is the subject of this application is a purpose built seven storey block, including a mezzanine, of twenty apartments completed in 2019. There are five one bedroom and fifteen two bedroom apartments. The mezzanine floor is not part of the apartments.
4. Neither party requested an inspection and the tribunal did not consider that one was necessary to determine the matters before us.
5. The Applicants each holds a share of a long lease of the property under staircasing provisions which requires the landlord to provide services and the tenant to contribute towards their costs by way of a variable service charge. The specific provisions of the lease will be referred to below, where appropriate.

The issues

6. At the start of the hearing the parties identified the relevant issues for determination as follows:
 - (i) The apportionment and reasonableness of the service charges in general, with particular reference to Peabody's management charges, the insurance premiums and Building Safety Act costs.
7. Having heard evidence and submissions from the parties and considered all of the documents provided, the tribunal has made determinations on the various issues as follows.

Insurance

8. Ms Chudry, on behalf of the applicants, said that the apportionments were not the same each year. Peabody had indicated that the apportionment methodology mirrored that used by Pewter N7. Moreover, the 2022-23 apportionment between EMA services and Insurance appeared inconsistent.
9. In addition, leaseholders had, in the past, been contacted directly by Pier regarding non-payment of the insurance premium despite them having paid the premium to Peabody. They were concerned that late payment charges may have been applied to their accounts.
10. Ms Parkiss, on behalf the third and fourth respondents said that the apportionments were always the same. The actual percentages are based on floor areas and their relationship to the whole development.
11. Ms Ford on behalf of Peabody accepted that there had been some incorrect charges. She confirmed that there had been no late payment or other charges added to the individual service charge accounts. There had been no insurance premium demanded of the leaseholders for 2025-26. During a break Ms Ford produced a schedule of the actual charges for each of the years in dispute which showed the credits due for each year where there had been a demand. She confirmed that Peabody would not be seeking payment of any undercharge.
12. The parties agreed the charges shown on the revised schedule and that it should be attached to the tribunal's decision to avoid any misunderstanding.

The tribunal's decision

13. The tribunal no longer has any jurisdiction as the parties have agreed the figures on the schedule attached to this decision.

EMA Services

14. Ms Chudry said that the service charge demands have been based on estimates. No major works have been undertaken during the years in question. The only year for which final accounts have been produced was 2022-23. These recently issued accounts indicate that a rebate is due to the leaseholders. If subsequent years have been based on the original estimates, then this raises the concern that later years may have also been materially overestimated. This may be the reason for the substantial year on year increases which have been demanded.
15. Final accounts for multiple years remain outstanding which undermines the leaseholders' ability to verify the accuracy and reasonableness of the budgets and plan financially. The invoices sent by Peabody have only three lines and no accompanying detail making it very difficult to contest the costs. Furthermore, the amounts demanded by Peabody do not appear to align with what Pewter N7 have stated we should have been charged.
16. The first respondents' reliance on letters issued in compliance with section 20B, which she asserted had not been received by everyone, should not be used to recover historic costs. Based on the estimates the service charges have increased by 94% since 2022-23 which is unreasonable as there have been no major works undertaken during that time period.
17. The Applicants had been asking for clarification for several years without any real success in obtaining information as to how the charges were made up.
18. Ms Ford referred to the Headlease and the applicants underleases to support her contention that Peabody were acting in accordance with the lease terms and had to pass on the charges which they had paid to Pewter N7, to the applicants.
19. By clause 3.3 the leaseholders covenant to pay the

"Headlease Proportion and any variation without deduction to the Landlord or the Manager and in the manner as set out in the Headlease the first payment to be made on the granting of this Lease to the Landlord or the Manager provided always if and whenever the Headlease Proportion and any other monies due to the Landlord or the Manager from the Leaseholder shall at any time be unpaid after becoming payable the same shall until paid bear interest as set out in this Lease and the Headlease."

The Headlease Proportion is defined as *"the amounts due under the Headlease as including but without limitation the Service Charge Proportion and Insurance Rent."*

20. Peabody is required under its lease to pay to Pewter N7 *“all other sums reserved by this Lease as rent on the dates and in the manner required by this Lease without any deduction or set off”*
21. Ms Ford asserted that the demands were based on the estimates provided to Peabody. When the final accounts are prepared is matter for Pewter N7 and outside the control of Peabody. The Applicants were sent estimated service charges which included their rent each month. Peabody’s financial year runs from 1 April whereas the service charge year in the lease runs from 1 January. Ms Ford explained how Peabody apportioned the estimates to accord with Peabody’s financial year and sent invoices based on their calculations.
22. Ms Lockwood explained that the cost of heating increased in 2023, the flats are served by a central system the cost of which is apportioned on a different basis to the main service charge account because the commercial units are not provided with heating. There was also the Building Safety Act costs: some were one off costs, others were annual costs. Consequently, the ongoing costs will not be the same as those incurred in 2024.
23. She confirmed that subsequent years were not merely based on an uplift to the previous year’s estimate. The costs were reviewed as more information became available and new contracts entered into for a number of the services.
24. Ms Lockwood confirmed that Rendall and Rittner sent individual invoices for each flat to Peabody. The package also contained an explanation of how the estimates were calculated, a comparison with the previous year and an explanation of the year-on-year variances. Furthermore, she had not been aware of any issues until becoming involved with this application.

The tribunal’s decision

25. The tribunal determines that the method of estimating the service charges adopted by Rendall and Rittner is reasonable. The recalculated costs charged by Peabody were opaque and difficult to comprehend because Peabody provided scant information to the leaseholders.

Reasons for the tribunal’s decision

26. The approach adopted was logical and clear using the most recent costs available to support each year’s estimates. An arbitrary uplift for inflation was not adopted by Rendall and Rittner although an element of such an approach seems to have been part of Peabody’s calculations. The applicants now accept that the apportionments were correct but without prejudice to the actual costs charged.

Building Safety Act costs

27. Ms Chudry said that they were concerned that Peabody charged 100% of the Building Safety Act costs to the leaseholders initially and had indicated that when the final costs were known Peabody would reimburse any amounts which should have been shared by them. The Applicants considered this approach unreasonable.
28. Ms Ford explained that the apportionment which Peabody would cover only related to relevant defects and not ongoing costs incurred in complying with the Act. The costs which have already incurred do not fall within the definition of relevant defects and therefore are chargeable to the service charge account.
29. Ms Lockwood said that the Developer had paid for any remediation works. The costs included in the service charge account related to the costs to register the block as a High Risk Building, compiling a Building Safety Case and introducing quarterly fire door inspections in addition to the fire safety requirements already in place. The cost of registration and providing the Building Safety Case were one off costs. The increased service charge in 2024 in part related to these costs.

The Tribunal's decision

30. The Building Safety Act costs were properly incurred and chargeable to the service charge account.

Reasons for the Tribunal's decision

31. The Developer had paid for any remediation work necessary to comply with the Act. The costs included in the service charge account were those properly attributable to the service charge in accordance with the lease terms.

Management Fees

32. Ms Ford asserted that the management fee was not a service charge nor an administration charge protected by the Act because it had been fixed and not varied. Therefore, it could not be said to be part of a variable service charge based on the costs of the service provided.
33. If she was wrong on this point then the management fee was reasonable. It was accepted that there had been some mismanagement by Peabody but any deduction should be minimal as a service had been provided and the fee was very low.

33. Mr Costello, a service charge manager with Peabody considered the annual fee of £160 was low. He explained that a whole team were required to manage the service charge account for Quartz House and other buildings. He confirmed that Peabody's financial year ran from 1 April and therefore they did not merely pass on the invoices which were received from Rendall and Rittner but adjusted the amounts to marry up with Peabody's accounting year. He was unable to comment on the lack of information provided to the leaseholders in the past as he had only been in post for less than two years. He agreed that he had implemented some internal changes to the service provided.
34. Ms Chudry said that coming to the tribunal had been their last option as they had tried everything possible to get information as to how the service charges had been calculated without success. They had even asked their MP to become involved but even then, Peabody had not provided the information. This process has been helpful and has finally shed a light on the processes involved. Following the short adjournments, they could see a way ahead.
35. It seemed to the Applicants that most of the work undertaken by Peabody was work which it had imposed on itself and as the costs involved the service charge account it had passed those costs onto the leaseholders. The additional work to correlate the lease service charge year with Peabody's financial year was of no benefit to the leaseholders. Moreover, it had disadvantaged the Applicants because it had reduced the level of transparency available to them regarding the costs incorporated in the service charge account.
36. This whole process has had a human cost to the Applicants as they have been unable to sell, staircase or remortgage whilst the actual costs have remained unknown and the estimated costs in the s20B letters had risen so significantly.

The Tribunal's decision

37. The management fee charged by Peabody should be reduced to £50 per annum per flat for each of the flats in question. The tribunal does not accept that the management fee is not a service charge: the fact that Peabody has not reviewed it is a matter for Peabody. The fee could have been altered if Peabody had chosen to review it.

Reasons for the Tribunal's decision

38. Peabody, for its own purposes chose not to send the invoices received from Rendall and Rittner to the Applicants in accordance with the terms of the lease but to estimate the charges applicable in its own financial year. This work was solely for the benefit of Peabody. The Applicants had sought clarification of what, based on the s20B letters, appeared to be

unreasonable increases in their annual service charges. On the evidence before it, the Tribunal accepts that Peabody fell far short in providing a reasonable amount of information to the Applicants. It had the background information but did not pass it on as a matter of course or in response to queries made.

Application under s.20C and refund of fees

39. In the application form the Applicant 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 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.

Name: E Flint

Date: 10 March 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).