



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

Case reference : **CHI/OOHN/LSC/2024/0023**

Property : **Flat 48, Viewpoint, 7-9
Sandbourne Road,
Bournemouth, BH4 8JR**

Applicant : **Keith Brown**

Representative : **Frank Groome**

Respondent : **Viewpoint Limited**

Representative : **Napier Management Services
Ltd -Aileen Lacey-Payne**

Type of application : **An application under section
27A Landlord and Tenant Act
1985
R Waterhouse FRICS
K Ridgeway MRICS**

Tribunal : **T Wong**

Venue : **Havant Justice Centre, Elmleigh
Road, Havant, Portsmouth, PO9
2AL**

**Date of
Hearing/Directions/Determ
ination** : **2 / 4 February/ 13 April 2026**

Decision

DECISION

1. The Tribunal determines the service charge payable in respect of Flat 48 for the insurance commission payable for the managing agent, through the service charge collected by the managing agent is as set out below.

Year	2019	2020	2021	2022	2023	2024
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£	24.77	23.74	28.74	35.92	42.60	45.22
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2. The Tribunal determines the service charge payable in respect of Flat 48 for the insurance commission payable for the managing agent, through the service charge collected by the managing agent is, unaltered and set out below.

Year	2019	2020	2021	2022	2023	2024
£	51.40	101.10	99.28	100.59	130.33	145.33

3. The Tribunal grants an Order under section 20 C of the Landlord and Tenant Act 1985 and paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002. The Order is for prevention of costs incurred by the managing agent in these proceedings being place on the service charge or administrative charge of the leaseholder of Flat 48, but limited to the point at which the applicant made their application for permission to appeal, until the receipt of this determination.

Background

1. The application dated 5 February 2024 challenged the service charge for the years 2018 to 2024 inclusive and requested orders under section 20C of the Landlord and Tenant Act 1985, and paragraph 5A of Schedule 11 of the Commonhold and Leasehold Reform Act 2002.

2. The Tribunal heard the case and gave a decision dated 11 April 2025.

3. The applicant appealed the decision, and the Upper Tribunal (Lands Chamber) granted permission to appeal on 4 August 2025.

4. By Order of the Upper Tribunal (Lands Chamber) dated 20 October 2025, the appeal is allowed in part and its determinations recorded in paragraphs (1) (2) and (3) of the decision of 11 April 2025 are set aside.

5. Specifically;

“2. The appellant’s application under section 27A of the Landlord and Tenant Act 1985 is remitted to the First-tier Tribunal for further consideration, limited to the issue of insurance commission (not including any further challenge to the sum insured) and the consequential reconsideration of applications under section 20C , Landlord and Tenant Act 1985, and paragraph 5A of Schedule 11, Commonhold and Leasehold Reform Act 2002.

7.As I explained when granting permission to appeal, the second limb of the appellant’s case on insurance before the FTT was a challenge to the level of commissions charged as part of the premium. It was clear from paragraph 51 of his statement of case and from the Scott schedule that the complaint concerned the total commissions charged (i.e. the aggregate of the sums payable to the broker and to the respondent’s managing agent.

8. In its original decision the FTT dealt only with commission payable to the respondent's managing agents, holding (implicitly) that 15% was a reasonable commission provided it was applied to the net commission payable to the broker, nor did it refer to the appellant's reliance on the Financial Conduct Authorities review into insurance remuneration and his contention that the FCA supported an upper limit on total commission of 30%.

9. In its refusal of permission to appeal the FTT confirmed its understanding that the applicant's challenge had been both to the managing agent's commission and to the broker's commission. It made no determination of whether either the total commission or the commission paid to the broker were reasonable. Part of the appellant's case was not considered and this challenge to the total commission remains undetermined. It is therefore necessary to set aside the FTT's determination that the sum charged in respect of insurance was payable and to remit the issue for consideration.

10. The FTT's decision is set aside only to the extent that it concerns insurance commission and consequential orders relating to the costs incurred by the respondent in the proceedings."

Re hearing in respect of Insurance Commission resubmitted to the First-tier Tribunal

6. The hearing at the Havant Justice Centre on 2 February 2026 was to address that which was remitted by the Upper Tribunal (Lands Chamber) in paragraph 5 above.

7. The applicant Keith Brown of Flat 48 was represented by Frank Groome. The respondent, Viewpoint Limited was represented by Alieen Lacey -Payne, of Napier Management Services Ltd.

8. The Tribunal hearing solely considered the commission charged on the insurance premium for the years 2018 to 2024. The Tribunal first concerned itself with the service charge year 2024, in order to first establish the basis of how the various figures were arrived at.

9. Alieen Lacey-Payne of Napier Management Services Ltd set out her understanding of the way the premiums and commissions are calculated. The calculation starts with the insurance premium for the buildings and estate net of commission, net of arrangement fee and net of insurance premium tax.

10. The combined commission of the insurance broker and the managing agent are then added to the net insurance premium. The Tribunal heard the combined figure of commission which is added to the net insurance premium was £13,366.77.

11. To this is added an administration fee of £25.00.

12. The foregoing three items; net insurance premium, combined commissions and administration fee, are then totalled, which gives £32,226.34. This £32,226.34 is then subject to insurance premium tax of 12%. This amounts to an addition of £3,867.16.

13. The contributing elements are then totalled to give the gross premium which is the subject of the service charge challenge. This calculation is set out in the table below.

	£	£	£
Insurance premium for the Viewpoint buildings and estate (Net)	18,834.77		
Combined commission for the broker and the managing agent	13,366.77		
Administration fee	25.00		
Sub total		32,226.34	
Application of Insurance premium tax of 12%		3,867.16	
Gross insurance premium.			36,093.50

14. The Tribunal also heard from Aliene Lacey-Payne of Napier Management Services Ltd about how the commission was apportioned between the managing agent and the insurance broker.

15. The apportionment being £8,238.46 for the insurance broker and £5,128.11 for the managing agent.

16. The respondent presented evidence on how the commissions were calculated, potentially comprising a 10% commission on the net insurance premium with an additional 5% for claims handling and a further 5% for calculation of premium associated with considered risk. The respondent noted that a figure equivalent to 10% of the net insurance premium was then deducted from the foregoing and allocated to the managing agent. The respondent then identified that there were in fact two different policies involved, one for the land and buildings and a second for terrorism.

17. It became clear to the Tribunal that the picture was confused. The respondent offered to gain more detailed figures, and a more detailed explanation from the insurance broker.

18. The Tribunal considered on the face of it the cumulative amount of commission as a percentage of the net premium, amounted to some approximately 71%.

19. The applicant relied on the Financial Conduct Authority guidance known as Policy PS23/14, the applicant saying that this guidance advised commissions should be within the range of 15% to 30% of the net premium.

20. Given the differences between the parties the Tribunal adjourned the hearing and Directions were provided.

Adjournment and Directions

21. The relevant Direction reads as follows;

The respondent to provide the applicant and the Tribunal

(i) a document that sets out for 2024 how the respective commission figures of £8238.46, for the insurance broker and £5128.11 for the managing agent are calculated

(ii) how the presence of the two differing policies impacts on these figures

(iii) what the respective duties are for the managing agent and the insurance broker in respect of the insurance policy, claims handling and any other material matters

(iv) whether the position in the previous years, that of 2018 to 2023, materially differs and if so how

(v) finally, commentary on how the FCA Policy PS23/14 has been applied to the respective commissions.

The submission in respect of this to be with the Tribunal and the applicant by 18 February 2026 4:00pm.

22. The applicant to provide their Reply to the respondent's statement by 2 March 2026 4:00pm. The Reply to be sent to the respondent and the Tribunal.

23. The Tribunal to make the determination on the issue on the papers in the fortnight following the 3 March 2026.

Paper Determination including submissions received under the Directions of the 4 February 2026.

24. The Tribunal was furnished by a number of documents. From the respondent;

Document	Title	pages
AA	Response to Directions	5
A	Insurers Explanation of commission	1
B	Property Owners Certificate 1.10.24 to 1.10.2025	1

C	From Insurers Explaining commission	2
D	Delegated Authority (DA) Added Value	2
E	FCA Policy Statement PS23/14	20
F	Disclosure document Issued	2
G	Napier News December 2023	2

25. The Applicant then submitted a Reply dated 2 March 2026 to the documents submitted by the respondent. This comprised 10 pages.

Submissions

Respondent

26. The Directions requested further explanation of the construction of the premium for the year 2024 with evidence of how the respective commissions of £8,238.46, for the insurance broker and £5,128.11 for the managing agent are calculated

27. The respondent document B “Property Owners Select Certificate” shows the total premium as £38,498.34 and that it is made up of “total premium” £34,373.52 and “£4,124.82” insurance premium tax.

28. The respondent document F “Leaseholder Insurance Information Disclosure Document” shows the total premium including tax “£38,498.34”. It shows total commission of £11,736.19 which is said to be comprised £ 6,678.35 for Fowler Penfold Property, and for Napier £5,057.84.

29. These figures do not accord with the request made in the Directions. The figures submitted by the respondent are for the 12 months of insurance commencing 1 October 2024.

30. Document A from the insurers sets out their view on how the net premium of 1 October 2024 to 1 October 2025 of £34,523.52 becomes the gross premium including tax of £38,523.34.

31. Document C is an email from the insurers to the managing agents explaining their commission structure. The email is dated 14 November 2024. The email states that the commission is 25% of the gross written premium. Of the 25%, 15% is passed to the managing agents and 10% retained by the insurance broker. In addition to the 10% of the gross premium that is retained there are a further two additions. The first is 5% for “full claims authority” which covers staff handling of property owners claims from “in their entirety”. The second is 5% for “underwriting delegated authority” This being, underwriting the risk

associated with blocks of flats, within certain criteria and includes document issue risk profiling and premium calculation.

Applicant

32. The applicant first identifies that they are no longer relying on the FCA expected range of commission 15 to 30% because, whilst these were observations, at the early stage of the consultation process they were not adopted.

33. The applicant submits that the FCA rules required regulated firms to treat freeholders and leaseholders as “customers” with an equal emphasis on both.

34. At paragraph 4 the applicant asserts the brokers methodology is flawed by determining commission as a percentage of the gross premium rather than as a percent of net premium.

35. The applicant at paragraph 5 asserts the FCA is critical of premiums based on percentage rates, the applicant contending that a percentage-based commission basis would not meet the FCA “fair value” requirement. In particular the FCA is critical of high levels of commission with intermediaries often failing to justify how this offered value to leaseholders.

36. The applicant contends that the commissions do not meet the FCA “Fair value” requirements.

37. The applicant submits in paragraph 11, that the methodology set out in Document C is flawed, and that the services are for the benefit of the insurance company and so the applicant cannot see why the leaseholder should be charged for them.

38. At paragraph 12 the applicant contends that “work transfer fees” are double payments and should be disallowed.

39. At paragraph 13, the FCA states that for “standard commission” the commission should not increase simply because the premium increased. As the FCA notes that fair value should be “a fair and reasonable relationship between the amount paid and the benefits provided to the customers.”

40. At paragraph 30 the applicant asserts that reimbursement has not taken place for commission paid on the lift engineering contract and that a section 20 consultation fee regarding the balcony renovations has been charged. The Tribunal comments these are matters outside the scope of the directions and the Tribunal has made no finding on these.

Findings

What is the service charge year?

41. That the accounting period for the service charge as set out in the lease in [46/395] is 24 June to 23 June, so the service charge year ends 23 June.

What is the insurance period?

42. Insurance premium year is for period of 12 months from 1 October. So, for the 1 October 2024 insurance premium falls due in the June 2025 service charge.

What was the total premium paid for the insurance period starting 1.10.2024

43. From Document B of the respondent's submission, we find that the total premium paid for the year 1.10.24 to 1.10.25 was £38,498.34

What was the total commission paid for the insurance period 1.10.2024?

44. From Document F, the total commission is shown as £11,736.19, with Napier receiving £5,057.84 and Penfold receiving £6,678.35. Although Document A gives slightly different figure of £11,721.19. The Tribunal prefers the figure in Document F given it is derived from the actual insurance policy.

What is the rate of the IPT?

45. From the evidence of the respondent in the first part of the hearing, we find the insurance premium tax is 12%. This is supported by Document A.

What is the admin charge?

46. From the evidence of the respondent in the first part of the hearing, we find that an admin charge of £25.00 is added after all other additions. This is supported by Document A.

How is the gross premium calculated from the net premium?

47. From the evidence of the respondent in the main part of the hearing, we find that the sequence of additions is as follows:

Net premium

Commission added

Insurance premium tax added

Admin fee added

Gross Premium payable

What roles are undertaken by the insurance broker and the managing agent for these commissions?

48. From Document C, the insurer explains their roles and the addition of 25% commission to the net premium. The roles being (i) standard insurer function of identifying appropriate insurance (25%) (ii) full claims delegated authority, authorised to deal with property owners claims, in their entirety including

Subtotal £ 38,473.34

Deduct IPT (12%) divide by 1.12

Net of insurance premium tax £ 34,351.95

Deduct commission £ 11,796.13

Net premium is £ 22,555.06

58. From the figures above it can be seen that Penfold received £6,678.35 which is equivalent of 29.60% of the net premium, and Napier received £5,057.84 which is the equivalent of 22.42% of the net premium.

59. Arithmetically therefore the total commission as a percentage of net premium is 52%.

60. The Tribunal has heard what the respective functions the insurance broker Fowler and the managing agent Napier perform for these commissions. Document AA. These are; for the managing agent sourcing a broker and securing insurance.

Form Document AA

“A. Insurance Broker (Duties and Responsibilities)

“(i) placement and renewal of the insurance policy,

Obtaining quotes from insurers

Advising on available insurance products

Arranging placement of the policy with the selected insurer

Issuing policy documentation and renewal documentation

(ii) underwriting delegated authority,

Undertaking underwriting activities within the scope of delegated authority by the insurer

Risk profiling and assessment within agreed underwriting parameters

Premium calculation in accordance with agreed underwriting criteria

Producing policy documentation under delegated arrangements

(iii) claims handling delegated authority

Handling and administering claims within delegated authority limits

Liasing with policy holders, manging agents, and insurers in relation to claims

Managing the process of claims and arranging payments where authorised

Maintaining claims records and reporting to the insurer as required

(iv) administrative and compliance functions.

Producing disclosure documentation for leaseholders

Maintaining regulatory compliance including remuneration disclosure

Acting as an intermediary between insurer and policy holder.

B.Managing Agent (Duties and Responsibilities)

(i) leaseholder and property administration

Acting as day-to-day point of contact for leaseholders

Managing service charge arrangements through which insurance costs are recovered

Coordinating insurance documentation distribution where appropriate (e.g. sharing disclosure docs)

Obtaining clients authority to renew, answering queries to Directors, and to lessees ref shared documents.

(ii) Insurance coordination

Providing property information required for insurance placement

Liasing with the broker regarding renewal details and building risk information

Assisting with implementation of insurer requirements or risk improvements

3. Claims and emergency support

Acting as on-site liaison for insurance claims.

Facilitating access, documentation and communication between residents, contractors, broker and insurer.

Assisting with practical administration related to claims at the property.

Providing a 24-hour emergency contact service for properties under management, enabling urgent issues to be reported and dealt with promptly, including matters which may give rise to insurance claims.

C. Relationship between the roles

The insurance broker acts as the specialist intermediary responsible for arranging and administering the insurance and for carrying out delegated authority functions.

The managing agent performs property management and operational functions connected with the building and leaseholder communication, including emergency response arrangements.

Both roles contribute to the administration and operation of the insurance arrangements but perform different functions within the distribution chain.”

61. The Tribunal has heard evidence from the respondent that the building has a history of extensive claims which require considerable work to address.

62. The Tribunal heard that the applicant no longer relies on the FCA guidelines that suggested a range between 10 and 30% commission was reasonable. The applicant provides no alternative figure or basis of figure.

63. The only matter for the Tribunal to determine is that which was set aside in the Upper Tribunal’s decision that is in paragraph 10, “the FTTs decision is set aside only to the extent that it concerns insurance commission and consequential orders relating to the costs incurred by the respondent in the proceedings.”

64. So, the question is whether the costs incurred by the leaseholders by way of service charge in respect of the insurance commissions paid are reasonable under section 27 A, Landlord and Tenant Act 1985.

65. The respondent says they are reasonable, the applicant says they are not but does not suggest an alternative figure and has withdrawn his position guided by the FCA policy which was total commission should remain in a range of 10 to 30%

66. The Tribunal has heard evidence from the respondent that this block has proved difficult to insure and that it has an extensive claims history. The Tribunal has heard of the relative roles undertaken by the managing agent and the insurer. The specific figures are £6678.35 for the insurer, and £5057.84 for the managing agent.

67. In the absence of alternative figures, and the Tribunal has had recourse to the evidence of roles and, nature, size, and history of the block.

68. The Tribunal finds the majority of responsibilities between the insurance broker and the managing agent, are held by the insurance broker and leaves the commission figure attributed to the insurance broker undisturbed. The managing agent has placed insurance with the same broker since 2019, and a large swath of insurance related tasks have passed to the insurance broker. Additionally, some of the tasks remaining fall into the area anticipated to be

covered by the managing agent's management fee, for example the 24-hour emergency contact service. The managing agent is already remunerated for some of these tasks through the normal expectations of management and the fee so charged. The Tribunal reviewing the duties the managing agent provides in respect of insurance, considering the same insurer has been used since 2019 which should lessen the task and the claims history of the building has been challenging which will increase the task, the tribunal determines a figure of £2,528.92 is reasonable.

69. So for the year 12 months from 1 October 2024 instead of a gross premium of £38,498.34 the premium allowable is £35,969.42. The Applicants share of this is set out at 1.764%

The Tribunal has had recourse to the table in the respondent's Document AA and added the last two columns.

YR	Insur Prem inc IPT	Brokers Com	Un-altered Flat 48 1.764%	Napier Com	50% Napier Com	Revised Flat 48 1.764%
19	16121.77	2914.02	51.40	2808.80	1404.40	24.77
20	20964.89	5731.17	101.10	2692.22	1346.11	23.74
21	22117.95	5628.22	99.28	3258.46	1629.23	28.74
22	24329.75	5702.29	100.59	4073.06	2036.53	35.92
23	30437.19	7388.53	130.33	4830.65	2415.32	42.60
24	36093.86	8233.46	145.33	5128.11	2564.05	45.22

70. The Applicant challenged years ending 23 June 2019 to 23 June 2024 inclusive, the determination in respect of these for the commission payable for the managing agent is set out below. The commission payable for the insurance broker is unaltered.

Year	2019	2020	2021	2022	2023	2024
£	24.77	23.74	28.74	35.92	42.60	45.22

Application under s.20C Landlord and Tenant Act 1985 and Paragraph 5A of Schedule 11 Commonhold and Leasehold Reform Act 2002.

71. In the application form the applicant applied for an order under section 20C of the Landlord and Tenant Act 1985 Act. Such an order may reduce such costs incurred by the landlord in the proceedings being levied in the service charge payable by the tenant or any other person specified in the section 20C application. Additionally, an application was made under paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002. Such an application may reduce or extinguishes the tenant's liability to pay an administration charge.

72. The tribunal grants an order in respect of both headings; section 20C and paragraph 5A for the cost of proceedings incurred from the point of the application for permission to appeal by the applicant to this determination.