FIRST-TIER TRIBUNAL

PROPERTY CHAMBER

(RESIDENTIAL PROPERTY)

Case reference	:	**LON/00BK/LSC/2025/1230**
Property	:	**Flat 84 Park West, Edgeware Road, London, W2 2QJ**
Applicant	:	**Rupesh Lakhani (SARR Properties Limited)**
Respondent	:	**Daejan Investments Limited**
Type of application	:	**An application under section 27A Landlord and Tenant Act 1985**
Tribunal	:	**Judge Shepherd** **Andrew Morrison MRICS**
Date of Decision	:	**5th May 2026**

DETERMINATION

Decision made on the papers

1. The sum of £1989 is not payable or reasonable.

Reasons

2. This matter originates from an application made by Rupesh Lakhani of SARR Properties Limited ("The Applicant"). He is the leaseholder of Flat 84 Park West Edgeware Road, London, W2 2QJ (The premises) pursuant to a new lease dated 23rd January 2025. He is also the leaseholder of Flat 85. The freeholder of both properties is Daejan Investments Limited whose managing agents are Highcorn Company Limited.

3. The Applicant is challenging a single charge made to him by the Respondent for the sum of £1989 attributable to Flat 84. The sum was demanded to pay for "legal costs". The charge is dated 2nd September 2025. It appears to relate to an alleged escape of water from the premises. An inspection was carried out by Maryland Consulting Limited on 29th July 2025. The report identified no defects and no remedial works were required.

4. Unsurprisingly when he was presented with a demand for legal costs the Applicant sought further information from the Respondent. He did not receive an invoice confirming the legal costs but instead received a typed summary of the time allegedly spent by the solicitors.

5. On being challenged in the Tribunal the Respondent now seek to argue that the legal fees were in fact administrative fees. They say that they instructed solicitors to liaise with the Applicant and find the cause of the leak. It is not at all clear why they would instruct solicitors to do this as they are adamant that forfeiture was not on the agenda. There is no evidence of solicitors being instructed or of any work actually being done by them.

6. The Respondents concede that no defects were found in Flat 84 but they seek to suggest without any evidential basis except speculation that the pipework in Flat 84 did not comply with Building Regulations which was allegedly the case in Flat 85.

7. In their response to the application the Respondents rely on a whole range of lease terms:

   Clause 2(2): General repair , maintenance and renewal service charge;

   Clause 2(4):cost of abating a nuisance;

   Clause 2(22): a covenant by the Applicant to address leaks;

Fourth Schedule, paragraph 1: service charge contribution to painting , decorating etc;

Fourth Schedule, paragraph 10: service charge contribution to external pipes , drains etc;

Fourth Schedule, paragraph 16: general mop up service charge clause;

Fourth Schedule, paragraph 18: service charge contribution to costs of accounts and auditors;

Fourth Schedule, paragraph 19: cost of contemplating or bringing legal proceedings;

The law

8. The Landlord and Tenant Act 1985,s.19 states the following:

19.— Limitation of service charges: reasonableness.

(1) 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.

(2) 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.

9. The Tribunal's jurisdiction to address the issues in s.19 is contained in s.27A Landlord and Tenant 1985 which states the following:

27A Liability to pay service charges: jurisdiction

1. An application may be made to [the appropriate tribunal]2 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.

2. Subsection (1) applies whether or not any payment has been made.

3. An application may also be made to [the appropriate tribunal]2 for a determination whether, if costs were incurred for services, repairs, maintenance, improvements, insurance or management of any specified description, a service charge would be payable for the costs and, if it would, as to—

a. the person by whom it would be payable,

b. the person to whom it would be payable,

c. the amount which would be payable,

d. the date at or by which it would be payable, and

e. the manner in which it would be payable.

4. No application under subsection (1) or (3) may be made in respect of a matter which—

a. has been agreed or admitted by the tenant,

b. has been, or is to be, referred to arbitration pursuant to a post-dispute arbitration agreement to which the tenant is a party,

c. has been the subject of determination by a court, or

d. has been the subject of determination by an arbitral tribunal pursuant to a post-dispute arbitration agreement.

5. But the tenant is not to be taken to have agreed or admitted any matter by reason only of having made any payment.

10. In *Waaler v Hounslow* [2017] EWCA Civ 45 the Court of Appeal held the following:

Whether costs were "reasonably incurred" within the meaning of section 19(1)(a) of the Landlord and Tenant Act 1985 , as inserted, was to be determined by reference to an objective standard of reasonableness, not by the lower standard of rationality, and the cost of the relevant works to be borne by the lessees was part of the context for deciding whether they had been so reasonably incurred; that the focus of the inquiry was not simply a question of the landlord's decision-making process but was also one of outcome; that, where a landlord had chosen a course of action which led to a reasonable outcome, the costs of pursuing that course of action would have been reasonably incurred even if there were a cheaper outcome which was also reasonable; that, further, before carrying out works of any size the landlord was obliged to comply with consultation requirements and, inter alia, conscientiously to consider the lessees' observations and to give them due weight, following which it was for the landlord to make the final decision; that the court, in deciding whether that final decision was reasonable, would accord a landlord a margin of appreciation; that, further, while the same legal test applied to all categories of work falling within the scope of the definition of "service charge" in section 18 of the 1985 Act, as inserted, there was a real difference between work which the landlord was obliged to carry out and work which was an optional improvement, and different considerations came into the assessment of reasonableness in different factual situations.

Determination

11. The Respondents seek to recover the £1989 as an administrative charge. This is likely because the demand sent on 2nd September 2025 does not meet the criteria in s.21B Landlord and Tenant Act 1985. In addition the Respondents would realise that if the sum claimed was claimed as a service charge it would need to be apportioned in accordance with the lease so that the Applicant would only be liable for a fraction of the £1989.

12. The Respondents narrow their attempted justification to rely on either clause 2(4) or clause 2(2) of the lease but neither of these clauses apply as there was no nuisance form Flat 84 to abate and clause 2(2) is a general service charge contribution which ought to be shared amongst all leaseholders.

13. It remains perplexing why solicitors were involved at all in arranging an inspection of the premises when the Respondents maintain that there was no

intention to pursue proceedings. In any event there is no evidence of an invoice from the solicitors.

14. Even if the sums were payable under the lease which they are not it is not reasonable to seek to recover £1989 from a leaseholder when there is no evidential basis for the legal costs charged.

15. In sum the charge of £1989 is not payable or reasonable.

Judge Shepherd

5th May 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 should be made on Form RP PTA available at https://www.gov.uk/government/publications/form-rp-pta-application-for-permission-to-appeal-a-decision-to-the-upper-tribunal-lands-chamber

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).