FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Case reference	**:**	**MAN/00BN/LSC/2025/0632**
Property	**:**	**Apartment 4, 73 Old Market Street, Manchester M9 8DX**
Applicant	**:**	**LCP Properties LIMITED**
Representative	**:**	**Counsel Harry Dyson instructed by Scott-Moncrieff & Associates Ltd Solicitors**
Respondent	**:**	**Philip Heimann**
Representative	**:**	**Gurmair Singh (JSC Chambers)**
Type of application	**:**	**For the determination of the reasonableness of and the liability to pay a service charge**
Tribunal members	**:**	**Judge J White** **J O'Hare MRICS (valuer)**
Venue	**:**	**Northern Residential Property First-tier Tribunal, 1 floor, Piccadilly Exchange, 2 Piccadilly Plaza, Manchester, M1 4AH**
Date of decision	**:**	**23rd June 2026**

DECISION

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(1) The Tribunal determines that the sum of £9,088.43 is payable by the Respondent in respect of the service charges years 2017/18, 2020/21; 2021/22; 2022/23; and 2023/24. Of these charges £2796 has been paid and £6,292.43 remains outstanding.

(2) The Tribunal makes directions relating to any application as to costs including the Respondents application under section 20C of the

Landlord and Tenant Act 1985 and paragraph 5a of Schedule 11 of CLARA 2002.

(3) Following compliance with those directions the matter may be referred back to the County Court for any remaining issues within that court's jurisdiction.

The application

1. The Applicant seeks a determination under section 27A of the Landlord and Tenant Act 1985 as to whether service charges are payable by the Respondent and, if so, in what amount. The claim concerns unpaid balancing charges and related service charges for the years 2017/18 and 2020/21 to 2023/24. The sum originally claimed in the county court was £6,320.23.

2. The proceedings began in the County Court. The Respondent filed a defence contending that the costs were not payable and the matter was transferred to this Tribunal for determination. Directions were issued and the parties provided a hearing bundle.

3. The breakdown of the final service charges claimed, following adjustments, were unclear. They were confirmed in the Applicants skeleton argument and at the hearing as:

- £1,503.12 minus £28 (£699 paid) for 2017/18;
- £1,132.13 minus £433 (£0 paid) for 2020/21;
- £1,426.81 (£699 paid) 2021/22;
- £2,345.60 (£699 paid) 2022/23; and
- £3,141.77 (£699.04 paid) 2023/24.

4. This totals £9,088.43. Of these charges £2796 have been paid and £6,292.43 remains outstanding.

The Hearing and Inspection

5. The Applicant was represented by counsel Harry Dyson of Kings Chambers. The Respondent was represented by Gurmair Singh (CILEX).

6. Alison Kenny Property Manager is part of the asset manager team responsible for day to day management of the Development. She

provided a witness statement and oral evidence at the hearing. Harry Dyson provided a skeleton argument two days before the hearing. He did not attend the inspection. The Respondent provided a statement. He did not produce a schedule. He had been unrepresented, though instructed Gurmair Singh two days before the hearing who produced a skeleton argument on the day of the hearing.

7. The Tribunal inspected the Property and the Development on the day of the hearing. The observations from the inspection are incorporated where relevant below.

<u>The Backgrounds</u>

8. The property is Apartment 4, 73 Old Market Street, Manchester M9 8DX (the Property). It is a first-floor flat above commercial units within a mixed-use development.

9. The Respondent holds a long lease of the Property dated 30 September 2010 for a term of 125 years from 1 July 2010. The lease requires the provision of services and the payment of variable service charges, described in the lease as “Maintenance Charges”.

10. The Applicant LCC Properties Ltd (LCP) is the freeholder of the Development, taking assignment on 27 February 2015. The lease refers to Millers Brow No. 2 Management Company Limited as the Management Company. This company is dormant and LCP deals with and demands service charges in-house. The precise corporate status does not affect the determinations below, because the Respondent did not dispute that service charges were demanded by the Applicant or that the relevant lease machinery applied.

11. The lease sets out that the Property is in a Block comprising Flats and Commercial Units. There are five residential flats above six commercial units. There is also a car park, bin area and commercial service yard that are part of the defined Development. The residential flats are accessed by a private entrance from the car park. There is a staircase and a lift serving the residential accommodation. The leaseholders have their own dedicated parking spaces. The public parking is time limited and has a security camara.

12. The Tribunal observed a simple residential common-part area comprising an entrance, stairs and corridor. The area had a hard-wearing carpet and plain painted walls. There were signs of older water damage and some paintwork damage, but the area was clean at the time of inspection. The car park and shops were relatively busy. The bin store was open and accessible. It was not large enough to contain all the bins. They were not overflowing at the time of inspection.

The Lease

13. The lease permits recovery of sums spent by the Management Company in and incidental to performing its covenants. Sixth Schedule, Part II, paragraph 1 provides for the recovery of sums spent in and incidental to the observance and performance of the covenants on the part of the Management Company contained in the Fifth Schedule and Part I of the Sixth Schedule.

14. Sixth Schedule, Part II, paragraph 2 permits recovery of professional, agent, contractor and employee costs incurred in connection with carrying out the relevant obligations, including costs incidental to preparing estimates, notices and accounts.

15. Sixth Schedule, Part II, paragraph 6 includes sums paid for repair, maintenance, decoration, cleaning, lighting and managing of the Development.

16. Fifth Schedule, paragraph 3 requires the Management Company to keep the Common Parts clean and tidy and to arrange regular cleaning of common-part windows.

17. Fifth Schedule, paragraph 8 requires the Management Company to maintain in proper working order any lift providing access to the flats.

The Law

18. The Landlord and Tenant Act 1985, section 18 defines a service charge as an amount payable by a tenant for services, repairs, maintenance, improvements, insurance or management, where the amount varies or may vary according to relevant costs.

19. Section 19 provides that relevant costs are recoverable only to the extent that they are reasonably incurred and, where incurred on the provision of services or works, only if the services or works are of a reasonable standard.

20. Section 27A gives the Tribunal jurisdiction to determine whether a service charge is payable and, if so, by whom, to whom, in what amount, when and how.

21. Section 20 limits recovery for qualifying works or qualifying long-term agreements where consultation requirements apply unless those requirements have been complied with or dispensed with.

22. Section 20B limits recovery of costs incurred more than 18 months before demand unless the tenant was notified within the statutory period.

The Respondent's case

23. The Respondent's case was advanced in a statement, supporting emails and a skeleton argument. In broad terms, he contended that the service charges were excessive for the nature, size and location of the Development, that works or services were not always undertaken, that there had been a lack of transparency and information, and that statutory consultation requirements had not been met in relation to some costs. He lets his flat for £750 per month and the level of service charge was disproportionate to the level of obtainable rent.

24. He relied on the significant balancing charges, the historic lack of information, the late provision of detailed invoices, and the fact that the Applicant later corrected accounting mistakes and reduced some charges. He submitted that those matters pointed to poor historic management. He acknowledged that since Alison Kenny became asset manager, she had resolved historic issued.

25. The Respondent challenged, in particular, management and inspection costs, cleaning, lift costs, health and safety/compliance costs, reserve-fund issues, alleged section 20 issues, and the use of contractors based outside the local area.

26. The Respondent contended that the Applicant's use of national or non-local contractors was likely to increase costs unnecessarily, and that local contractors would have been more proportionate for a small local development. He did not provide local comparators.

27. The Respondent did not provide a detailed item-by-item schedule identifying each invoice challenged, the reason for challenge, and the amount admitted or disputed.

The Applicant's case

28. The Applicant contends that the Respondent has not made out a prima facia case as confirmed by the Court of Appeal in Spender v Fit Nominee [2025] EWCA Civ 1578.

29. Services were provided and costs were reasonably incurred and recoverable under the lease. The Applicant relies on the reconciliation accounts, schedules and invoices produced in the bundle.

30. The Applicant accepts that some accounting and allocation errors occurred. It says those errors have been reviewed and corrected. The credits identified comprise £51.02 for YE 2021 management fees, £65.27 for YE 2022 management fees, £18.69 for YE 2023 management fees, and £355.85 for a waste correction. The total credits identified are £490.83.

31. In addition, in March 2025 a 50% credit was raised on the management fees for 2021, 2022, and 2023. This was in response to complaints from leaseholders that the level of work did not reflect the fee.

32. The Applicant also accepts that, from 1 July 2025, the management-fee structure was changed so that the residential flats contribute £500 per annum towards the management fee, with the balance apportioned to the commercial units. The Applicant says these are goodwill or discretionary measures and not an admission that earlier apportionments were unreasonable.

33. Alison Kenney gave evidence for the Applicant. She stated that some costs were mandatory, including health and safety requirements, and that compliance costs are higher per flat because only five residential flats share certain residential-only costs. She also stated that cleaning, rubbish and fly-tipping issues had been acknowledged and addressed, including by building a bin store and increasing inspections.

34. The Applicant's case on national providers was that it was reasonable to use established contractors with national or wider regional coverage because they were reliable, accredited, subject to LCP's onboarding requirements, and often able to use local personnel or combine visits to control cost.

<u>**The issues**</u>

35. The Tribunal accepts that the large bundle and the late provision of invoice material made the Respondents task more difficult. He had not been legally represented, and his statement and corresponding emails did set out the broad issues in dispute. The Tribunal set out what the Tribunal understood the issues to be from the Respondents statement and clarified at the inspection. Gurmair Singh, however, instead decided to pursue the side issues such as LPC not attending meetings, admitted mistakes, inevitably higher costs of large national companies, without taking issue with more relevant issues such as hourly rates, hours per week spent, quality of services provided, local comparators.

36. The Applicant did not help matters by providing information without adequate explanation, nor explaining decision making, such as apportionment, or hours spent and cost per hour. They instead contended that the Respondents had not made out a prima facia case

and that later adjustments did not mean the earlier service charge costs was not reasonable. Neither was this clarified at the hearing.

37. The Tribunal reminds itself that we are primarily an adversarial Tribunal and that it is not for the Tribunal to pursue matters not taken by a party, particularly when legally represented. It has some discretion to set out and clarify issues already raised but cannot pursue arguments and evidence when a legal representative decides not to pursue them.

38. 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.

Apportionment

39. The Applicant apportions service charge costs through schedules. Schedule A / Schedule 1 relates to estate-wide costs, Schedule B / Schedule 2 relates to commercial-only costs, and Schedule C / Schedule 3 relates to residential-only costs. They are apportioned by square footage. Flat 4's percentages are 6.470% of estate costs and 20.00% of residential costs for 2017/18; and 5.752% of Schedule A/Estate costs and 20.47% of Schedule C/residential costs for later years. The Applicant relied on Bradley v Abacus Land 4 Ltd [2025] EWCA Civ 1308 where the Cort of appeal affirmed the following passage from Waaler v Hounslow LBC [2017] EWCA Civ 45:

"It was, I believe, agreed by all members of the court that the exercise of a contractual discretion is constrained by an implied term that the decision-making process be lawful and rational in the public law sense, that the decision is made rationally (as well as in good faith) and consistently with its contractual purpose; and that the result is not so outrageous that no reasonable decision-maker could have reached it: para 30 (Baroness Hale of Richmond DSPC); para 53 (Lord Hodge JSC) and para 103 (Lord Neuberger of Abbotsbury PSC). However, as Lord Hodge pointed out this is a rationality review, not the application of an objective test of reasonableness."

40. The Respondent did not contend that the lease prohibited the use of schedules or that the basic floor-area apportionment was outside the lease or unreasonable. His case was that the charges were too high, some items were wrongly allocated, and later changes demonstrated that earlier allocations and charges were unreasonable.

41. The Tribunal accepts that the nature of the Development, with commercial units, a public-facing car park, shared bins and residential common parts, gave rise to an issue as to apportionment. However, the Respondent did not pursue whether the method of apportionment was unreasonable in the skeleton argument or at the hearing. On the evidence before it, the Tribunal is not satisfied that the Applicant's apportionment method was one no reasonable landlord could adopt. Nor was it irrational. It could be seen as a simple method that can broadly be seen to be fair, despite the inevitable higher costs associated with commercial premises of this nature.

Management Costs

Year	Management total	Accounting for sched C/3	Credits
2017/18	£1,580	Not separated	£0
2020/21	£1,124	Not separated	£0
2021/22	£3,275	£455	£51.02
2022/23	£3,778	£478	£65.27
2023/24	£3,778	£511	£18.69

The tribunal's decision

42. Management and inspection costs are recoverable under the lease. The Respondent's main points were that costs were excessive for a small block, historic management was poor, the budgeting was unreliable, and management, inspection and accounting functions overlapped.

43. The Tribunal accepts that the initial management costs appeared high for a small development and that the Applicant's historic accounting and presentation of the account was unclear. For example, there was no schedule allocation for 2017/18 and 2020/21. The Applicant's own concessions and later adjustment to the management-fee structure support the conclusion that the earlier position required review.

44. However, the costs broadly align to a 10% management fee after the goodwill credits, and the sums allocated to the Respondent for management and inspection fees. Though at the higher end are found to be in a reasonable range for this type of development, particularly as the Respondent did not pursue the challenge of apportionment between the residential and commercial costs. In addition, the Respondent did not provide local comparators despite stating that he owns other flats in the locality, or a detailed year by year challenge. The only points pursued at the hearing related to lack of general leaseholder meetings and accounting errors. Neither of which by themselves would make the management costs unreasonable. The Tribunal therefore determines that the Respondent has not established that the management and inspection costs, after adjustments, were outside a reasonable range or not payable. The accounting fees of £650 and inspection fees do not

relate to day to day management fees and are clearly distinct from them.

Cleaning Costs

Service charge year	Cleaning cost claimed	Flat 4 apportionment	Allocated to Flat 4
2017/18	Estate Schedule A only £4,588.19	6.470%	£296.86
2020/21	Schedule A only £2,370	5.752%	£136.32
2021/22	Schedule A only £1,573	5.752%	£90.48
2022/23	Schedule A only £7,667	5.752%	£441.01
2023/24	Schedule A £6,007 plus Schedule C £3,012	5.752% / 20.47% sched C	£962.08 (£85.16 after credit of £335.85)

The tribunal's decision

45. Cleaning costs are recoverable under the Fifth Schedule and Sixth Schedule. The Respondent said in his statement that cleaning was minimal, not well done, and not carried out weekly, and that the cost was excessive. He also objected to the use of national or non-local contractors.

46. The Applicant accepted that there had been historic complaints about fly-tipping, missed rubbish collections and general cleanliness. The Applicant's evidence was that it had submitted requests to the council, built a bin store, reviewed cleaning costs, and made adjustments where appropriate. There was also a waste/refuse correction of £355.85 for Flat 4.

47. As to national providers, the Respondent said local contractors would have been cheaper and more appropriate, whereas the Applicant said larger accredited providers were more reliable, could use local networks or personnel, and were subject to LCP's contractor approval requirements.

48. The Tribunal's inspection found that the internal and external areas were clean and in reasonable condition, taking account of the type and location of the Development. The Respondent did not provide local hourly-rate comparators. At the hearing the Respondents legal representative did not pursue a detailed challenge to the number of hours cleaned, hourly rate, or particular invoices. He did not put detailed questions to the Applicant's witness on the cleaning specification. He did not pursue the contention that the service was not of reasonable standard.

49. The Tribunal accepts that some cleaning costs, particularly 2023/24, appear high for a development of this size. However, in light of the

adjustments made, the absence of detailed contrary evidence or submissions, and the evidence that cleaning also included estate-related items such as bins, litter and fly-tipping, the Tribunal determines that the Respondent has not established that the cleaning costs, after adjustment, were unreasonable or not payable.

Lift Costs

Year	Schedule C / 3 residential cost	Flat 4 calculation	Flat 4
2017/18	£1,696.43	£1,696.43 x 20.00%	£339.29
2020/21	£1,423.00	£1,423 x 20.47%	£291.29
2021/22	£1,496.00	£1,496 x 20.47%	£306.23
2022/23	£1,061.00 allocated to sched A/1	£1,061 x 5.752%	£61.03
2023/24	£882.00	£882 x 20.47%	£180.55

The tribunal's decision

50. Paragraph 8 of the Fifth Schedule requires the Management Company to maintain in proper working order any lift providing access to the flats. The Sixth Schedule provides recovery machinery.

51. The Respondent's case was that the lift was not necessary for a small development with one flight of stairs, that it should be decommissioned, and that the lift was not serviced or maintained. The Applicant responded that maintaining the lift is an express lease obligation and that decommissioning would require agreement and would create difficulties for future purchasers who might require lift access.

52. The Tribunal observed that the lift appeared clean and relatively new at the inspection. The annual amounts allocated to Philip Heimann are not obviously excessive on their face. No alternative comparators, or detailed challenges to lift invoices were provided. The 2022/23 allocation to Schedule A, rather than Schedule C, is noted but results in a lower charge to Flat 4 than residential-only allocation would have done.

53. The Tribunal determines that the Respondent has not established that the lift costs were unreasonable or not payable. The lease does not require a lift be provided, only that it maintains any lift that is provided; while a future agreement to decommission may be explored, that does not render historic maintenance costs unreasonable.

Health and safety and Fire Prevention Costs

Year	Item / heading	Schedule A / Estate cost	Schedule C / 3 residential cost	Flat 4 calculation	Flat 4
2017/18	Health & Safety Fire Prevention	£0.00 £1,335	£0.00	£1,335 x 6.470%	£86.37
2020/21	Health & Safety	£1,856.00	£452.00	£1,856 x 5.752% + £452 x 20.47%	£199.28
2021/22	Health & Safety	£3,205.00	£1,320.00	£3,205 x 5.752% + £1,320 x 20.47%	£454.56
2022/23	Health & Safety	£2,344.00	£2,218.00	£2,344 x 5.752% + £2,218 x 20.47%	£588.85
2023/24	Health & Safety	£415.00	£2,339.00	£415 x 5.752% + £2,339 x 20.47%	£502.66

The tribunal's decision

54. The Respondent queried what was being carried out for health and safety at a cost of about £2,300 per year and said the costs were disproportionate for the size of the Development. He also challenged, more generally, whether Schedule A costs benefited the flats.

55. The Applicant's evidence was that the costs covered matters including weekly fire testing, fire safety compliance, statutory testing and

compliance works, electrical and water systems compliance, and overall building risk management. For 2024, specific items included fire exit signage and metal mesh to the emergency staircase. Alison Kenney also gave evidence that post-Grenfell fire safety and building compliance requirements had become more stringent and that these statutory compliance costs could not reasonably be avoided.

56. The Tribunal accepts that health and safety and compliance costs are recoverable in principle if reasonably incurred. The Applicant's explanation was general, and a more detailed year-by-year invoice breakdown would have assisted. However, the Respondent did not provide comparators, did not identify particular invoices as unreasonable, did not pursue the point at the hearing, and Philip Heimann accepted that health and safety costs were required.

57. The Tribunal determines that the Respondent has not established that the health and safety and fire prevention costs were outside a reasonable range or not payable.

Other Issues

58. The Respondent raised other issues, including telephone costs, reserve-fund contributions, insurance, and alleged section 20 consultation failures. Gurmair Singh put all invoices at issue in his skeleton argument. These were not pursued in sufficient detail or at all at the hearing. They did not raise issue with specific invoices, or the standard of works.

59. As to section 20, the Applicant's evidence was that a review of higher-value works was carried out and that no breach was identified for the relevant years, though she had earlier mistaken that there was. The Respondent did not identify a particular qualifying work or qualifying long-term agreement. The Tribunal therefore makes no reduction on this ground.

60. The Tribunal records concern that the Applicant's preparation and presentation of the account was not as clear as it should have been. The bundle was lengthy and the concessions were not straightforward to follow. That does not, however, of itself establish that the final charges, after reconciliation and credits, were unreasonable or not payable.

Costs

61. The Applicant made an application for the Tribunal to award the Applicant its costs of these proceedings pursuant to Rule 13(1)(b) of the Tribunal Procedure (First-tier Tribunal) (Property Chambers) Rules 2013 SI 2013/1169. The test for these costs are unreasonable conduct

and the threshold is a high one. Harry Dyson said at the end of the hearing that he wanted to reserve their position on this.

62. The Respondent has made an application under section 20C of the 1985 Act and paragraph 5a of Schedule 11 of CLARA 2002 in relation to tribunal only costs.

63. Within 28 days of this decision being issued the Applicant is to send a submission setting out the details of any costs claimed, including the legal and contractual basis of any costs, the basis for the hours spent, rates and any counsel fees or other disbursements. It should be accompanied by a detailed costs schedule to enable the Tribunal to assess any costs in full.

64. The Respondent has a further 28 days to provide a submission on why they dispute any costs claimed and why they consider the costs should be reduced or not payable.

65. The tribunal has no jurisdiction over county court costs. This matter will be returned to the County Court at the request of the Applicant to determine any further issues.

Name: Judge J White **Date:** 23rd June 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).