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

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| **Tribunal case ref.** | : | HAV/29UE/LSC/2025/0605 |
| **Property** | : | Apartments 1, 2 and 4, 4 Cannon Street, Dover, CT16 1BY |
| **Applicants** | : | Koutaiba Al-Janabi and Hanna Heffner (Apartment 2)<br>Georgi Ivanov (Apartment 4)<br>Tracey Bullock (Apartment 1) |
| **Representative** | : | Ms Charanpreet Bhogul (Counsel)<br>Instructed by Mowll & Mowll |
| **Respondent** | : | L & Y Property Corp Limited |
| **Representative** | : | Mr Paul Tapsell (Counsel)<br>Instructed by Whitehead Monckton Limited |
| **Type of Application** | : | Determination of liability to pay service reasonableness of service charges<br>Section 27A Landlord and Tenant Act 1985 |
| **Tribunal Members** | : | Tribunal Judge David Gethin<br>Mr D Ashby FRICS<br>Mr A Hetherton MRICS IRRV (Hons) |
| **Date and venue** | : | 15 May 2026, Ashford Tribunal Hearing Centre |
| **Date of Decision** | : | 25 June 2026<br>**Amended on 24 July 2026** |

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# AMENDED DECISION

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We exercise our powers under Rule 50 of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013 to correct the clerical mistakes at paragraphs 37 and 227 our Decision dated 23 April 2026. Our amendments are made in bold red type. We have corrected our original Decision because of typographical errors.

## Summary of the decisions of the Tribunal

**(1) The Tribunal determines that each of the Applicants are liable to pay the sum of £602.86 in respect of 2022.**

**(2) The Tribunal determines that each of the Applicants are liable to pay the sum of £1,460.70 ~~£1,339.06~~ in respect of 2023, including the sum of £806.40 in respect of the scaffolding works in 2023.**

**(3) The Tribunal determines that each of the Applicants are liable to pay the sum of £825.00 in respect of 2024.**

**(4) The Tribunal determines that each of the Applicants are liable to pay the sum of £645.00 in respect of 2025.**

**(5) The Tribunal makes no determination as to whether the Applicants are liable to pay in respect of legal fees incurred in the application for dispensation from the consultation requirements as no demand has been made for these costs.**

**(6) The Tribunal determines the Applicants are not liable to pay any other administration charge claimed.**

**(7) The Tribunal makes an order under section 20C of the Landlord and Tenant Act 1985 so that none of the Respondent's costs of the Tribunal proceedings may be recovered from the Applicants through the service charge.**

**(8) The Tribunal makes an order under paragraph 5A, Schedule 11 to the Commonhold and Leasehold Reform Act 2002 so that none of the Respondent's costs of the Tribunal proceedings may be passed to the Applicants as an administration charge.**

**(9) The Respondent shall pay the Applicants' fees of this application in the sum of £330.00.**

## The Proceedings

1. An unpaginated pdf bundle of 565 pages was provided by the Respondent. References in [ ] in this decision are to the pdf pages taken from the Hearing Bundle unless otherwise specified. The Index was unhelpfully brief and many of the documents were embedded images that were so small as to almost render them unreadable or of very poor image quality; in short, we expected better given the Hearing Bundle was prepared by the Respondent's solicitors and both parties were represented.

2. The Applicants have made an application for determination of liability to pay and reasonableness of service charges for the years 2022 and 2023 and of estimated service charges for the years 2024 and 2025 back on 23 December 2024. The Applicants further seek orders pursuant to Section 20C of the Landlord and Tenant Act 1985 ("LTA 1985") and paragraph 5A of Schedule 11 of the Commonhold and Leasehold Reform Act 2002 ("CLRA 2002").

3. The Tribunal gave Directions back in April 2025 listing a case management hearing in June 2025 [147-151]. The Tribunal was then persuaded to vacate that and to give a date in September 2025 [152-153] by which the parties were required to inform the Tribunal of whether they had settled or directions were required.

4. The parties then sought, and the Tribunal agreed to arrange, mediation which was fixed for 25 November 2025. On 11 November 2025 an application was made to vacate the mediation and to re-arrange that for a date in the New Year. That application was granted [154-158]. A new date was to be fixed in January or as early as practicable in February 2026. However, the parties provided various dates within that window when one or other of them was said not to be available. In the event, mediation did not proceed.

5. On 20 November 2025, Deputy Regional Judge Dobson issued Directions setting the matter down for a Case Management Hearing on ("CMH") 4 March 2026 [154-158].

6. The CMH was attended by Ross Hamilton, solicitor for the Applicants, and by Paul Tapsell, Counsel for the Respondent. Parties and instructing solicitors were also in attendance. In advance of the CMH, the parties submitted a joint Position Statement and draft Directions for a final hearing.

7. Directions were issued by the Tribunal on 4 March 2026 [159-165], and the matter eventually came to hearing on 15 May 2026.

8. The Application dated 23 December 2024 [3-14] states the service charges for each Apartment to be considered are:

(a) 2022 – £1,260.00;
(b) 2023 – £1,886.54;
(c) 2024 – £3,723.05;
(d) 2025 – £2,478.07;

as well as unspecified variable administration charges relating to the Respondent's legal fees.

9. The above amounts do not correspond with the demands evidenced in the Hearing Bundle nor with the sums stated by the Respondent in the Scott Schedule, but it is agreed by the parties that the service charges claimed fall under the following categories in each year:

(i) Insurance
(ii) Cleaning
(iii) Electricity
(iv) Management Time
(v) Maintenance

10. The Scott Schedule gives further detail as to the amounts claimed from the Applicants by way of administration charges and can be summarised as follows:

*Legal fees (for non-payment)*

(a) Apartment 1 – £1,253.00;
(b) Apartment 2 – £849.60;
(c) Apartment 4 – £748.80.

Legal fees (s.20ZA dispensation application determined on 27.01.25)

(a) Apartment 1 – £1,274.00;
(b) Apartment 2 – £1,274.00;
(c) Apartment 4 – £1,274.00.

Legal fees (present proceedings)

(a) Apartment 1 – £3,041.20;
(b) Apartment 2 – £3,041.20;
(c) Apartment 4 – £3,041.20.

## The Background

11. The Property is situated in a converted 5-storey, Victorian terraced building ("the Building") of brick construction with stonework bay windows; Apartment 1 is at first floor level, Apartment 2 at second floor level and Apartment 4 at fourth floor level in the roof space. There are commercial premises on the ground floor extending into the basement below.

12. The freehold of the Building has been held since 30 October 2019 by 4 Cannon Street Property Corp Limited ("4CSPCL") [340-341]. The Respondent holds as tenant a long lease of all that part of the Building other than the commercial premises dated 10 April 2013 between (1) The Incorporated Trustees of The Municipal Charities of Dover and (2) the Campbell Barrington Dearsly for a term of 999 years from 25 March 2013 ("the Superior Lease") [262-294]. The Respondent acquired its leasehold interest on 19 May 2021 [345-348].

13. It is understood that the commercial premises are occupied by European Investment Corporation Limited ("EICL"), presumably under a tenancy or licence agreement granted by 4CSPCL. We were not furnished with a copy of the agreement relating to the commercial premises.

14. Mr Khader is a director of each of the Respondent, 4CSPCL and EICL.

15. The Applicants are the current proprietors of the leasehold interests in each of their respective Apartments, although we were not provided with leasehold titles for each Apartment. The details of the leases are as follows:

    (a) Mrs Bullock holds a long lease of Apartment 1 dated 9 July 2015 between (1) Campbell Barrington Dearsly and (2) Tracey Anne Bullock for a term of 999 years less one day from and including 25th March 2013 [13-56];

    (b) Mr Al-Janabi holds a long lease of Apartment 2 dated 1 May 2015 between (1) Campbell Barrington Dearsly and (2) Koutaibi Dawood Al-Jainabi for a term of 999 years less one day from and including 25th March 2013 ("the Lease") [58-97]; and

    (c) Mr Ivanov holds a long lease of Apartment 4 dated 30 June 2017 between (1) London & Canterbury Estates LLP and (2) Georgi Stankov Ivanov for a term of 999 years less one day from and including 25th March 2013 ("the Lease") [99-144].

16. Each lease is on the same terms, and so we were referred to the Lease of Apartment 2 as this was the most legible copy in the Bundle.

17. As part of the maintenance costs incurred in 2023, the Respondent had commissioned the erection of scaffolding to understand the cause of a leak at height. It transpired that there was a dead bird blocking the hopper. The costs exceeded £250 per leaseholder but given the urgency the Respondent did not consult with the leaseholders at the time. The Respondent, in these proceedings, made an application to the First-tier Tribunal for retrospective dispensation from the consultation requirements. The Respondent was granted dispensation on 27 January 2025. The FTT made no determination on whether the costs are payable or reasonable, nor did it make any decision as to the costs of those proceedings save that the Tribunal fee was to be borne by the Respondent [349-362].

18. Shortly after the Respondent acquired the leasehold interest of the Superior Lease, the Respondent took over the management of the Building from Tersons, the previous managing agents. It is since that time that disputes between the parties appear to have escalated.

**<u>The Relevant Law – Service Charge and Administration Charges</u>**

19. In accordance with s.27A(3) LTA 1985:

*27A Liability to pay service charges: jurisdiction*

> *(1) An application may be made to the appropriate tribunal 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.*

20. A service charge is defined by s.18(1) LTA 1985 reads as follows:

*18 Meaning of "service charge" and "relevant costs".*

> *(2) In the following provisions of this Act "service charge" means an amount payable by a tenant of a dwelling as part of or in addition to the rent—*
>
> *(a) which is payable, directly or indirectly, for services, repairs, maintenance improvements or insurance or the landlord's costs of management, and*
> *(b) the whole or part of which varies or may vary according to the relevant costs.*

21. Section 19 LTA 1985 provides that there is a limitation on service charges in that they must be reasonable:

*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.*

22. Section 20C LTA 1985 provides that there is a further limitation on service charges in that the tenant can apply for an order that the costs incurred, or to be incurred, of proceedings are not to be regarded as relevant costs:

*20C Limitation of service charges: costs of proceedings.*

*(1) A tenant may make an application for an order that all or any of the costs incurred, or to be incurred, by the landlord in connection with proceedings before a court residential property tribunal or leasehold valuation tribunal or the First-tier Tribunal, or the Upper Tribunal, or in connection with arbitration proceedings, are not to be regarded as relevant costs to be taken into account in determining the amount of any service charge payable by the tenant or any other person or persons specified in the application.*

*(2) …*

*(3) The court or tribunal to which the application is made may make such order on the application as it considers just and equitable in the circumstances.*

23. Paragraph 5A of Schedule 11 to CLRA 2002 provides that the tenant can apply for a similar order that reducing or extinguishing their liability to pay a particular administration charge in respect of litigation costs:

*5A Limitation of administration charges: costs of proceedings*

*(1) A tenant of a dwelling in England may apply to the relevant court or tribunal for an order reducing or extinguishing the tenant's liability to pay a particular administration charge in respect of litigation costs.*

*(2) The relevant court or tribunal may make whatever order on the application it considers to be just and equitable…*

**The Issues**

24. The Tribunal has identified the relevant issues for determination are whether the service charges, costs of the qualifying works and the variable administration charges are reasonable.

25. Having considered the Hearing Bundle, the Respondent's skeleton argument, oral evidence from Mrs Bullock and Mr Khader and the submissions of the parties, the Tribunal has made determinations on the various issues as follows.

**The Hearing**

26. The hearing took place in person at Ashford Tribunal Hearing Centre. The Tribunal was addressed by Ms Bhogul, Counsel on behalf of the Applicant, and by Mr Tapsell, the Counsel on behalf of the Respondent. Also in attendance was a trainee solicitor from the Respondent's solicitors, Elizabeth Entwistle, and a pupil barrister, Mr Aron Dollay, from Mr Tapsell's Chambers.

27. Mrs Tracey Bullock, leaseholder of Apartment 1, attended as a witness on behalf of the Applicants. Also in attendance was Hanna Heffner (Apartment 2) and Georgi Ivanov and his partner, Ms Honda (Apartment 4).

28. Mr Mazan Khader, Director of the Respondent, attended as a witness on behalf of the RR.

*The Applicants' Case*

29. Ms Bhogul on behalf of the Applicants submitted that the service charge is unreasonable in amount. It has increased from £1,262.00 in 2022 (although no demand for this year was actually included in the Hearing Bundle) to

£2,478.07 in 2025 without explanation for the increase nor evidence of the costs have been incurred, such as requests for policy documents and invoices.

30. The Applicants note that the Respondent seeks its costs of the present proceedings notwithstanding that applications under s.20C LTA 1985 and para.5A, Sch.11 CLRA 2002 have been made.

*The Respondent's Case*

31. Mr Tapsell submitted that in determining whether the costs are reasonable, the Tribunal should have regard for the guidance of HHJ Gerald~~'s~~ in *Country Trade Ltd v Noakes* [2011] UKUT 407 (LC) §§13-17 and that we should take a "*robust, common sense approach*" when assessing the available evidence in deciding whether to make appropriate deductions.

32. Mr Tapsell on behalf of the Respondent submitted that evidence of the costs and insurance policies had been provided, albeit not a complete set. Mr Tapsell conceded that the Applicants contribution' towards the costs of placing insurance for the Building should be 1/5$^{th}$ rather than 1/4$^{th}$ given the insurance is placed by 4CSPCL as the landlord of the Superior Lease.

33. Mr Tapsell submitted that legal fees for enforcement were incurred as a consequence of the Applicants' continued non-payment.

## **The Tribunal Decision**

34. We preface our determination with the following comments.

35. The Respondent has been advised at all times in these proceedings, the dispensation application in 2025 and, based on the evidence in the Hearing Bundle in respect of unpaid service charge and insurance rent, since at least 8 February 2023 by Whitehead Monckton.

36. Despite this fact, there was a noticeable paucity in the evidence provided as to how costs have been incurred even though the services provided by the Respondent under the terms of the Lease are limited in scope. In oral evidence, Mr Khader did little to persuade us beyond the written evidence as to how costs had been incurred or whether services that he had provided or commissioned on behalf of the Respondent were of a reasonable standard. We had regard for the fact that it was also Mr Khader, as director of 4CSPCL, who was responsible for procuring the insurance of the Building and that another of his companies, EICL, also had the benefit of such insurance.

37. The Applicants relied upon the witness statement of Mrs Bullock, leaseholder of Apartment 1, dated 8 April 2026 [251-258] and exhibits in support [259-

319]. The Applicants' solicitors are reminded that a Statement of Case and a witness statement seek to achieve quite separate things, and here they risked being one and the same. The Applicants also relied upon the Applicant's Reply dated 6 May 2026 [559-564]. At the hearing, the parties agreed that this was a Statement of Case, but the attached statement of truth referred to it as a witness statement.

38. The Respondent relied upon the witness statement of Mr Khader dated 29 April 2026. Again, this strayed into making submissions that should be found within a Statement of Case rather than solely giving evidence on matters that are within Mr Khader's knowledge.

39. When giving oral evidence, we found Mrs Bullock to be nervous and this may have coloured her evidence. She came across as having an understandably limited understanding of the service charge machinery, but we found her to be on the whole credible in her view that the service charges were unreasonable and that she had simply sought to understand what the Applicants should be required to pay but that the Respondent had been evasive in his responses. The Applicants' position in the Scott Schedule to pay nothing for certain items was not always realistic, but for certain other items we did accept that position.

40. Mrs Bullock gave a short description of the Common Parts. They comprise a hallway at ground floor level and then a stairwell with painted walls, 4 flights of carpeted stairs and 1 light on each landing together with emergency lighting but no smoke alarm in the stairwell. There are individual electricity meters for each apartment as well as a separate meter for the common parts.

41. Mr Khader confirmed some of the matters raised above that are not contentious such as the layout of the common parts and the electricity metering.

42. In contrast, we found Mr Khader to be strident but inconsistent in his oral evidence and have given less weight to his evidence accordingly. When taken to his witness statement and asked by Ms Bhogul whether the matters referred to regarding Mrs Bullock were irrelevant matters, Mr Khader raised his voice saying that they are not irrelevant and had to be reminded to maintain a calm demeanour when answering questions. When asked whether he had evidenced all of the costs incurred, he gave, what appeared to be, a dismissive look to Ms Bhogul.

43. We did not find him to be a persuasive witness and his adopted practices since taking over the management of the Building from Tersons are unprofessional and worthy of close scrutiny.

*The Service Charge Machinery*

44. Under Clause 5.1 of the Lease [75], the Applicants have each covenanted to perform the *Tenant Covenants* which include at paragraph 2 of Schedule 4 to the Lease "*To pay to the Landlord the Service Charge demanded by the Landlord under paragraph 3 of Schedule 6 by the date specified in the Landlord's notice*" and at paragraph 3.3.1 of Schedule 4 to the Lease to pay on demand "*the Insurance Rent*" [84].

45. Under paragraph 3.2 of Schedule 6 to the Lease, the Respondent is "*To serve on the Tenant a notice giving full particulars of the Service Costs and stating the Service Charge payable by the Tenant and the date on which it is payable as soon as reasonably practical after incurring, making a decision to incur, or accepting an estimate relating to, any of the Service Costs*" [95].

46. The Service Charge is defined at Clause 1 of the Lease [66] as "*the Tenant's Proportion of the Service Costs*" and the Service Costs are defined at Clause 1 [69] as the total of:

*(a) all of the costs reasonably and properly incurred or reasonably and properly estimated by the Landlord to be incurred of:*
*(i) providing the Services; and*
*(ii) complying with all laws relating to the Retained Parts;*
*(b) the reasonably and properly incurred costs fees and disbursements of any managing agent or other person retained by the Landlord to act on the Landlord's behalf in connection with the Building or the provision of the Services; and*
*(c) all costs payable by the Landlord in accordance with the terms of the Superior Lease…*

47. The Services are defined at Clause 1 of the Lease [70-71] as being:

*(a) cleaning, maintaining, decorating, repairing and replacing the Retained Parts;*
*(b) providing heating to the internal areas of the Common Parts during such periods of the year as the Landlord reasonably considers appropriate, and cleaning, maintaining, repairing and replacing the heating machinery and equipment;*
*(c) lighting the Common Parts and cleaning, maintaining, repairing and replacing lighting, machinery and equipment on the Common Parts;*
*(d) cleaning, maintaining, repairing and replacing the furniture, fittings and equipment in the Common Parts;*
*(e) cleaning, maintaining, repairing, operating and replacing security machinery and equipment on the Common Parts;*
*(f) cleaning the outside of the windows of the Building;*

(g) *cleaning, maintaining, repairing and replacing the floor coverings on the internal areas of the Common Parts; and*
(h) *any other service or amenity that the Landlord may in its reasonable discretion (acting in accordance with the principles of good estate management) provide for the benefit of the tenants and occupiers of the Building.*

48. The Insurance Rent is defined at Clause 1 of the Lease [66] as "*the sums payable by the Landlord in accordance with clause 2.3(b) and paragraph 3 of Schedule 4 of the Superior Lease*".

49. Under paragraph 7 of Schedule 4 to the Lease, the Applicants have covenanted:

***COSTS***

*7.1 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 and the Superior Landlord (both during and after the end of the Term) in connection with or in contemplation of any of the following:*

*7.1.1 the enforcement of any of the Tenant Covenants…*

50. Under paragraph 18 of Schedule 4 to the Lease, the Applicants have further covenanted:

***INDEMNITY***

*18.1 To indemnify the Landlord against all liabilities, expenses, costs (including but not limited to any solicitors' surveyors' or other professionals' costs and expenses, and any VAT on them, assessed on a full indemnity basis), claims, damages and losses (including but not limited to any diminution in the value of the Landlord's interest in the Building and loss of amenity of the Building) suffered or incurred by the Landlord arising out of or in connection with:*

*18.1.1 any breach of any of the Tenant Covenants…*

51. Two notable features of the service charge machinery are that (i) there is no limit on the number of invoices that can be served within the year, and (ii) there is no reconciliation mechanism at the end of the year should the Landlord have incurred less cost than anticipated.

52. It is not disputed that further to its covenants under the Superior Lease, it is the responsibility of 4CSPCL to insure the Building and that the costs apportioned to the residential premises are payable by the Respondent who, in turn, can seek to recover the costs from the Applicants. At the hearing, it was accepted that the Applicants therefore each incur costs of 1/5$^{th}$ of the costs incurred by 4CSPCL in insuring the Building.

53. It was also accepted by the parties that the Applicants should incur 1/5$^{th}$ of the costs of repair of the Building as opposed to works and services incurred solely on the Common Parts for which the Applicants will pay a 1/4$^{th}$ contribution.

54. There was no evidence of any reconciliation having taken place for any of the years in dispute, and the practice appears to be for the Respondent to set a budget, collect the monies from leaseholders, and not carry out a reconciliation at the end of the year. We are therefore content to make our decision based on the costs that the Respondent has evidenced he has actually incurred subject to those costs being reasonably incurred or that the works of services were to a reasonable standard.

55. The Applicants do not dispute that they are liable to pay a service charge nor the fraction that the Respondent contends that they should pay. However, when asked about the amounts that Mrs Bullock would consider reasonable to be payable for each of the years, it was evident that she had not come along prepared to answer that. Although she gave figures, we do not consider ourselves to be bound by those answers as they did not appear to be well thought through and risked acting as a limit or a cap on what we should decide below.

56. We shall now turn to discuss generally the heads of expenditure. As invited by Mr Tapsell, we have indeed taken a "*robust, common sense approach*" mindful that the Respondent has been on notice of these proceedings since 23 December 2024 and has been represented throughout.

*Insurance Rent*

57. With regards to the insurance premiums, Mrs Bullock said that she had received part of a policy and Apartment 2 had received part of a policy, but that they still wanted to understand how the premium was arrived at and why it was ca. £4,000 when the premium had previously been £1,886.00 according to the Service Charge Accounts for the year ending ("y/e") 31 December 2021 [174]. When asked what whether she had used the cover from the Respondent's evidenced policy documents to seek a quote herself, she was unable to give a cohesive answer, but we did not consider she was being evasive or disingenuous.

58. Regarding insurance, Mr Khader accepted that the 2020 premium was lower than 2019 despite having made a claim for a fire in 2017. Mr Khader's response was that he did not know the level of the cover on which the Applicants had obtained their quote on 1 April 2026 [308-317] or whether they had disclosed the previous claims for fire in 2017 and flood in 2023.

59. In fact, the New Business Quote from Jensen Underwriting dated 30 March 2026 shows the Building insured for £1 million with no disclosed claims in the last 5 years [308-317] giving rise to a total premium of £1,780.43.

60. Mr Khader denied over insuring the premises, saying that any higher level of cover was due to the policy obtained by Arthur J Gallagher as broker [179-122]. Although he considered AJG Business Assist and DAS Legal Expenses to be appropriate additional costs, he had agreed to remove these in subsequent years in response to the Applicants' complaints regarding this additional cover. Mr Khader said that Arthur J Gallagher always obtain 2 quotes, although any alternative quotes were not before us.

61. Mr Khader said that EICL was separately insured in respect of the nature of its business, with a premium of approximately £1,300 per month. When asked who the insurer for EICL's business was, Mr Khader said that he could not recall. We find Mr Khader was evasive in his answers and it is not credible that he cannot recall who he pays such a significant sum to each month. We could not be certain that Mr Khader had not placed the insurance of the Building in order to get a better premium for EICL.

62. The premiums that the Respondent has claimed are £2,373.79 in 2022 [178-185], £3,417.60 in 2023 [198], £4,329.55 in 2024 [207], and £4,516.48 in 2025 [220], and each was an evidenced cost incurred by 4CSPCL.

63. We accept that the insurance market has been volatile in recent years and that following the Competition and Markets Authority's investigation into the leasehold insurance market, premiums have softened such that a quote obtained in 2026 may not be reflective of reasonable premiums in earlier years. Mr Khader relies on the fact that he instructed a broker to place insurance, but there was no evidence to show whether the broker had robustly tested the market on each occasion or had sought quotes that offered reasonable value to the Applicants as well as to EICL.

64. Although Mr Khader questioned in his oral evidence whether the Applicants' quote [299-317] had fully disclosed the Buildings' claim history, and indeed the evidence is that Mrs Bullock had not when obtaining her own evidence in support, we find on the balance of probabilities that the insurance policies placed by 4CSPCL were not reasonable in amount and that the Respondent, recognising the connection between 4CSPCL and the Respondent, should have

done more to challenge these costs rather than simply pass them on to the Applicants and EICL.

65. We allow the 2022 premium in full, but reduce the premium that the Applicants are liable to contribute towards in 2023, 2024 and 2025 to £2,500.00 in each year – we increased the premium from that in the New Business Quote to reflect the failure to disclose the claims history; the Applicants' contribution will therefore be £474.76 for 2022 and £500.00 in the other years.

*Cleaning*

66. Regarding cleaning, Mrs Bullock said that once Tersons were no longer engaged, cleaning was not regularly undertaken with 1-2 months between visits and no evidence of bannisters or skirting boards having been dusted, only some hoovering of the stairway. Mrs Bullock said that under Tersons, the Applicants had been content to pay the collective cost of £400 per annum given the standard of the cleaning. This was done monthly and included hoovering skirting boards and bannisters and dusting to remove cobwebs. Mrs Bullock said that there had been no cleaning for the past 3 years.

67. Mr Khader was taken to the cleaning invoices addressed to the Respondent and headed as being from 4 Cannon Street Freehold Cleaning Service ("4CSFCS") dated 23 November 2022 [186], 15 December 2023 [199], 20 December 2024 [208] and 21 November 2025 [221].

68. Mr Khader said that he was also the director of 4CSFCS, a sole trader entity rather than a limited company. Mr Khader would later elaborate on this position and say that his son runs 4CSFCS. No evidence was supplied of monies being paid from the Respondent to 4CSFCS of how the purported costs were incurred by 4CSFCS. The invoices list the initials of two "*Operatives*", TW and GB; when asked who these people were, Mr Khader said that the wording in the invoice did not relate to individuals but were his son's codes for work activities undertaken. No explanation was given as to how those codes were arrived at or what they related to. When asked how much those cleaning the common parts were paid, Mr Khader replied £20.00 per hour in cash.

69. We found Mr Khader's explanation to be entirely unconvincing. There was no time log kept recording when cleaning was undertaken, and no other evidence was offered by Mr Khader in support that the service was undertaken as claimed or was done to a reasonable standard, although we accept some cleaning was undertaken from time to time. It appeared that the 4CSFCS invoices were a sham to support Mr Khader, or his associates, being paid monies whilst avoiding paying the expected employment overheads of a professional cleaning service. Neither party had provided photographic

evidence of the common parts, but we note that there was no evidence to support the cleaning was of a reasonable standard. We allowed £200.00 for Cleaning in 2022 (£50.00 per Applicant) and disallowed all cleaning costs for 2023-2025.

*Electricity*

70. With regards to electricity in the common parts, Mrs Bullock was taken to the replacement bill dated 4 August 2021 [188-190] and shown the breakdown of usage showing costs of approximately £40 per quarter between 16 January 2020 and 20 July 2021. Mr Tapsell put it to Mrs Bullock that this was evidence that costs are incurred, and that costs have gone up since that time.

71. It is regrettable that having been provided with, at least some, of the information the Applicants have been requesting, Mrs Bullock had not taken the time to familiarise herself with the contents of the Hearing Bundle so as to properly scrutinise it. Her response was that this was the first time she had seen such a bill.

72. Mr Tapsell then took Mrs Bullock to a bill dated 24 February 2024 [209] and the Service Charge Accounts for y/e 31 December 2020 [368] and submitted that the cost from 2020 was not far off the estimated cost in the 2024 bill. Mrs Bullock replied that Mr Ivanov had undertaken some meter readings and based on that they expected that they would need to pay something.

73. With regards to electric bills, Mr Khader admitted that he had not provided a complete copy of the bills or evidenced a statement of account showing what, if any monies, the Respondent had actually paid out since 4 August 2021.

74. We find that the bill dated 24 February 2024 [209] does not assist the Respondent. The estimate energy costs of £485.17 are simply that, an estimate. It does not assist us in explaining the costs that had actually been incurred between 4 August 2021 and 24 Feb 2024 or the costs incurred since that bill. The account was in credit in the amount of £172.65 on 31 January 2023 [193], £0.73 on 24 February 2024, whilst it was in debit in the amount of £40.78 on 4 August 2021, before the Respondent became the Applicants' landlord.

75. This is likely the least contentious issue, yet still the Respondent could not evidence the actual costs that the Respondent incurred. They were almost certainly not in the order of £50-75 per month as claimed by the Respondent. However, the Applicants concede that costs have been incurred during this period based on their own meter readings. We therefore disallow the costs for 2022 and 2023 as the evidence was that there was sizeable credit against the account during this period, and allow £25.00 per month for 2024 and 2025.

76. The Applicants' liability to pay is therefore confirmed to be £75.00 for each of 2024 and 2025.

*Maintenance – Scaffolding Costs in 2023*

77. Regarding maintenance, Mrs Bullock said that there had been no invoices for work done and no maintenance to the building. When asked about the leak or overflow from the hopper in 2023, Mrs Bullock said that removing a dead bird did not warrant a £4,000 cost. She said that drains could have been cleared whilst the scaffolding was in place.

78. Mrs Bullock was unhappy with the erection of scaffolding in 2023 or the length of time before it was struck. She was of the view that other methods could have been used, such as a drone or cherry picker, before choosing to erect scaffolding that would have reduced the cost. Mrs Bullock relied upon an estimate she had sent to Mr Khader [319] but that was illegible.

79. Although other options could have been employed, we find that the erection of scaffolding falls within the range of reasonable decisions that the Respondent could have made; hindsight suggests cheaper options could have identified the issue, but we will not interfere with the Respondent's discretion in this matter.

80. We find that the costs of the scaffolding were reasonably incurred and were reasonable in themselves as evidenced by way of the Cloke Scaffolding invoice dated 1 September 2023 [202]. Mrs Bullock disputed the £40 per week licence fee, but that is a disbursement that must be paid to the local authority where scaffolding is erected on the public highway. We do not consider a minimum hire period of 4 weeks for scaffolding over 5 storeys to be unreasonable.

81. The Applicants' liability to pay is therefore confirmed to be £806.40 being $1/5^{th}$ of the Respondent's costs incurred.

*Maintenance – Drains Costs in 2024*

82. The work to the drains concerned the rear of the Building, not the front. When asked about whether there had been an issue with sewage in the rear yard, Mrs Bullock accepted that there had been and that this had been resolved after Mr Khader had carried out repairs. Mrs Bullock disputed that the demands raised by the Respondent referring to the works done in general terms were evidence of how long the work took, or the cost of the materials used.

83. Mr Khader made allegations regarding Mrs Bullock being the cause of the leaks in early 2024, and paragraph 10 of his witness statement [332] states that there are ongoing proceedings in the county court in respect of a claim

brought by EICL against Mrs Bullock. We find that it is not necessary to make any findings as to the cause of the leaks. The only question we need to determine is whether the Applicants are liable to contribute towards the costs of remediating those leaks.

84. The relevant invoices are those raised directly by the Respondent and sent to the Applicants dated 4 June 2024 for purported works carried out on 6 February 2024 in the sum of £199.95 [64-65] and on 9 May 2024 in the sum of £249.85 [62-63], together with the invoice from Aspect Maintenance Services Ltd dated 9 May 2024 in the sum of £126.00 for removing hazardous waste [41].

85. Mr Khader said that he undertook the repairs to the drainpipe that passes horizontally underneath the rear window of Apartment 1, because he is an adequately skilled handyman. We accept that there was a leak, and that repairs were necessary. There was no evidence as to whether the first repair was done to a reasonable standard but the second repair had since held and there had been no repeat of the leaks.

86. Absent evidence of the time spent by Mr Khader or of the cost of the materials required, we allow £300.00 for the first repair and £500.00 for the second repair including the removal of the hazardous waste.

87. The Applicants' liability to pay is therefore reduced to £160.00 being 1/5th of the Respondent's costs incurred.

*Other Maintenance Costs*

88. Absent evidence of any other maintenance works having been undertaken, we disallow all other maintenance costs whether purportedly claimed in respect of works to the Building or works to the Common Parts.

*Legal Costs – Dispensation Application in 2024/2025*

89. The FTT granted dispensation from the consultation requirements under s.20ZA on 25 January 2025 in respect of the Scaffolding Costs [349-362]. The Respondent has sought to recover its costs of bringing that application through the service charge.

90. We accept that the Respondent acted promptly, and that it was therefore unable to carry out a statutory consultation of leaseholders prior to erecting the scaffolding. The Applicants could have agreed to waive the consultation requirement and to then dispute whether the costs were reasonable, as they have done here. That would have adequately protected their position if they

had taken that course of action. They chose not to and so, in principle, the legal costs are recoverable.

91. However, we do not consider those costs to be reasonable. It was a simple application that did not require separate instruction of Counsel.

92. Whitehead Monckton has acted for the Respondent in both these proceedings and the dispensation proceedings and knew, or ought to have known, that the FTT had ordered at para. 94 of its Decision [361] that the Respondent in these proceedings was to bear the fees of the dispensation application. Despite this, those fees have been included in the Scott Schedule as they are recorded in Whitehead Monckton's invoices dated 4 July 2024 [242] and 18 December 2024 [244]. That is not appropriate.

93. However, there is no evidence in the Hearing Bundle of a separate demand having been served on the Applicants for the costs of the dispensation application so that whilst those costs have been included in the Scott Schedule, we make no determination and the Respondent may be time barred from now demanding those costs under s.20B LTA 1985.

*Management Time*

94. Regarding Management Time, Mrs Bullock was asked whether she accepted that Mr Khader had spent some time and effort on property management administration. Mrs Bullock replied that she did not understand why there was both Management Time as well as a cost for Maintenance, and that she did not know what time Mr Khader had spent doing this. If Mr Khader was to be allowed to charge for his time, instead of paying a managing agent like Tersons to do so, she felt Mr Khader should be responding to the Applicants' queries and requests for information. The Applicants had not objected to the costs of Tersons when they were employed.

95. Mr Khader was taken to the Management Fees invoices addressed to the Respondent and headed as being from 4 Cannon Street Freehold Cleaning Service ("4CSFCS") dated 9 November 2022 in the sum of £950.00 [194], 9 November 2023 in the sum of £1,278.65 [201], 9 November 2024 in the sum of £1,278.50 [211] and 9 November 2025 in the sum of £1,485.00 [222].

96. Again, we find Mr Khader's explanation for raising invoices through 4CSFCS with no evidence that the Respondent has paid monies to 4CSFCS in respect of those purported invoices to be entirely lacking in credibility.

97. From the Service Charge Accounts for y/e 31 December 2021, we note that the Management Fees were £985.00. Those relate to the costs of a professional managing agent with all the associated overheads. The Applicants did not

suggest that Tersons' service was of an unreasonable standard. It appeared that Mr Khader saw Tersons' fees as a floor as to what the Respondent could recover.

98. We accept that Mr Khader has been engaged in time and effort in managing the Building, but his other commercial interests are on site and much of the time he has been put to is a consequence of his own behaviour.

99. We accept, in principle, that the Respondent can recover a Management Fee, but the evidence was that Mr Khader had not provided a service to a reasonable standard. There was no evidence of the time he had been engaged. We have found above that services had not been provided, he had persistently failed to evidence receipts of costs incurred even at the hearing itself, and he had not taken steps to minimise the increases in the insurance premium. In any event, the amounts claimed are unreasonable in themselves.

100. A typical management fee will be 10-15% of the other costs incurred. We will allow 10% of the other recoverable costs for each year.

*Administration Charges - Enforcement*

101. The Respondent has the benefit of an indemnity costs clause under paragraph 4 of Schedule 4 to the Lease [93] under which the Applicants have covenanted:

"***18. <u>Indemnity</u>***

*18.1 To indemnify the Landlord against all liabilities, expenses, costs (including but not limited to any solicitors', surveyors' or other professionals' costs and expenses, and any VAT on them, assessed on a full indemnity basis), claims, damages and losses (including but not limited to any diminution in the value of the Landlord's interest in the Building and loss of amenity of the Building) suffered or incurred by the Landlord arising out of or in connection with:*

*18.1.1 any breach of any of the Tenant Covenants...*"

102. However, in light of our findings above significantly reducing the amounts payable by the Applicants, the Applicants were not in breach in failing to pay sums demanded which we have found that they were not liable to pay.

103. We therefore disallow all of the Respondent's costs relating to invoices marked "*Service Charge Dispute*" from Whitehead Monckton between 24 May 2023 and 30 August 2024 [223-239].

104. For the avoidance of doubt, it was unclear which of the above costs had actually been validly demanded from the Applicants, but we have also had regard for the Respondent's letter sent to each of the Applicants dated 3 November 2025 [296]. That letter states that it was a formal demand for payment following service of "*Section 146 Notices under the Law of Property Act that were correctly served upon you… You have failed to contest 146 Notice issued on 05/02/2025 or provide a remedy*".

105. Any such notice was not included in the Hearing Bundle but given the Applicants have not admitted the sums claimed, nor had the Tribunal made a determination, and presumably neither had judgment in the County Court be secured, such a notice would be invalid. The Respondent's conduct is entirely improper, and we trust that Whitehead Monckton will advise their client of the potential consequences for serving such a letter without any lawful basis for doing so.

106. As for administration charges demanded, but not included within the Scott Schedule such as those in the Respondent's demands dated 6 June 2023 [382-383] and 7 July 2023 [46-47], we find that the sum claimed by the Respondent for their time spent on non-payment of service charges is unreasonable and given the findings above, we disallow such administration charges in full.

*Administration Charges – Present Proceedings*

107. The Respondent's Scott Schedule, presumably prepared with the assistance or advice of Whitehead Monckton, includes the costs incurred by the Respondent of the present proceedings. There was no evidence in the Hearing Bundle that such costs have been demanded from the Applicants. We therefore do not need to determine their payability, but we will consider whether these costs are recoverable by way of the Applicants' applications under s.20C LTA 1985 and para.5A, Sch.11 CLRA 202.

*Other matters*

108. Mrs Bullock was asked by Mr Tapsell whether payment of £1,425.00 on 21 April 2023 by her solicitors was made in full and final settlement [31-32] of the 2023 Estimate Demand. Mrs Bullock said that she had paid as otherwise she would receive more letters from the Respondent's solicitors.

109. Regardless of whether Mrs Bullock's payment might to be considered to be an agreement of the 2023 Estimate Demand, it is clear from the Scott Schedule that the Respondent now seeks further sums in respect of service charge for 2023. We therefore find that Mrs Bullock is entitled to challenge the sums the Respondent has actually incurred and which he now seeks to recover.

*Summary of the Tribunal's determinations*

110. To aid the parties, we record below a summary of the Tribunal's decisions in respect of the Insurance Rent and Service Charge.

111. We use the *Claimed Sum* figures given by the Respondent in the Scott Schedule [320-328] in the Bundle. At the hearing itself, a revised hard copy Scott Schedule was provided and the figures differed slightly, but they do not change the amounts we have allowed.

112. For the purposes of this decision, all Maintenance costs claimed are for works to the Building as whole. If there had been repairs to only the common parts, the proportion to be paid for those works would have been 1/4$^{th}$ and not 1/5$^{th}$.

| **Y/E 2022** | **[321] Scott Schedule** | **Allowed** | **Proportion** | **Applicants' Liability** |
|---|---|---|---|---|
| Insurance | 2,373.79 | 2,373.79 | 1/5 | 474.76 |
| Electricity | 624.82 | 0.00 | 1/4 | 0.00 |
| Cleaning | 475.00 | 250.00 | 1/4 | 62.50 |
| Maintenance | 789.66 | 0.00 | 1/5 | 0.00 |
| Management Time @10% | 950.00 | 262.38 | 1/4 | 65.60 |
| **TOTAL** | **5,213.27** | **2,886.17** | | **602.86** |

| **Y/E 2023** | **[322] Scott Schedule** | **Allowed** | **Proportion** | **Applicants' Liability** |
|---|---|---|---|---|
| Insurance | 3,417.60 | 2,500.00 | 1/5 | 500.00 |
| Electricity | 627.04 | 0.00 | 1/4 | 0.00 |
| Cleaning | 655.75 | 0.00 | 1/4 | 0.00 |
| Maintenance | 4,032.00 | 4,032.00 | 1/5 | 806.40 |
| Management Time @10% | 1,278.65 | **653.20** ~~**130.64**~~ | 1/4 | **163.30** ~~**32.66**~~ |
| **TOTAL** | **10,299.04** | **7,185.20** ~~**6,662.64**~~ | | **1,460.70** ~~**1,339.06**~~ |

| **Y/E 2024** | **[324] Scott Schedule** | **Allowed** | **Proportion** | **Applicants' Liability** |
|---|---|---|---|---|
| Insurance | 4,329.55 | 2,500.00 | 1/5 | 500.00 |
| Electricity | 485.17 | 300.00 | 1/4 | 75.00 |
| Cleaning | 655.75 | 0.00 | 1/4 | 0.00 |
| Maintenance | 5,890.99 | 800.00 | 1/5 | 160.00 |
| Management Time @10% | 1,278.50 | 360.00 | 1/4 | 90.00 |
| **TOTAL** | **12,639.96** | **3,960.00** | | **825.00** |

| **Y/E 2025** | **[324] Scott Schedule** | **Allowed** | **Proportion** | **Applicants' Liability** |
|---|---|---|---|---|
| Insurance | 4,516.48 | 2,500.00 | 1/5 | 500.00 |
| Electricity | 876.98 | 300.00 | 1/4 | 75.00 |
| Cleaning | 425.90 | 0.00 | 1/4 | 0.00 |
| Maintenance | 1,696.00 | 0.00 | 1/5 | 0.00 |
| Management Time @10% | 1,485.00 | 280.00 | 1/4 | 70.00 |
| **TOTAL** | **9,000.36** | **3,080.00** | | **645.00** |

113. We made no determination as to whether the Applicants were liable to pay *Legal Fees – Dispensation Application* as there was no evidence that a service charge had been demanded in respect of those costs.

114. We disallowed the *Legal Fees – Enforcement* in full.

*Application Under s.20C and Para.5A and Refund of Fees*

115. The Applicants have applied for an order under s.20C LTA 1985 and under para.5A Sch.11 CLRA 2002 preventing the Respondent from recovering any of its legal costs of the Tribunal proceedings either as a service charge or as an administration charge.

116. Having considered the parties' submissions 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 s.20C LTA 1985 and under para.5A Sch.11 CLRA 2002, so that the Respondent may not pass any of its costs incurred in connection with the proceedings before the Tribunal either through the service charge or as an administration charge.

117. The Tribunal orders that the Respondent shall reimburse the Applicants their fees involved in the application in the sum of £330.00.

## **Rights of appeal**

1. A person wishing to appeal this decision to the Upper Tribunal (Lands Chamber) must seek permission to do so by making written application to the First-tier Tribunal at the Regional office which has been dealing with the case.

2. The application must arrive at the Tribunal within 28 days after the Tribunal sends to the person making the application written reasons for the decision. Where possible you should send your further application for permission to appeal by email to rpsouthern@justice.gov.uk as this will enable the First-tier Tribunal to deal with it more efficiently.

3. If the person wishing to appeal does not comply with the 28-day time limit, the person shall include with the application for permission to appeal a request for an extension of time and the reason for not complying with the 28-day time limit; the Tribunal will then decide whether to extend time or not to allow the application for permission to appeal to proceed.

4. The application for permission to appeal must identify the decision of the Tribunal to which it relates, state the grounds of appeal, and state the result the party making the application is seeking.