FIRST - TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Case References	:	**BIR/00CN/LSC/2025/0054** **BIR/00CN/LAC/2025/0005**
Subject Property	:	**Flat 806** **Beaufort House** **94-98 Newhall Street** **Birmingham B3 1PB**
Applicant	:	**Daniel James Godfrey**
Respondent	:	**Ground Invest (101) Limited**
Representative	:	**Grangeford Asset Management Limited**
Type of Application	:	**(1) Application under section 27A of the Landlord and Tenant Act 1985 for the determination of the payability and reasonableness of service charges in respect of the subject properties** **(2) Application under paragraph 5 of Schedule 11 to the Commonhold and Leasehold Reform Act 2002 for the determination of the payability and reasonableness of administration charges** **(3) Application under section 20C of the Landlord and Tenant Act 1985 for an order for the limitation of costs**
Tribunal Member	:	**Deputy Regional Judge Gravells**
Date of Decision	:	**16 June 2026**

DECISION

Introduction

1 By application dated 5 October 2025 the Applicant made three applications to the Tribunal. The applications are (1) under section 27A of the Landlord and Tenant Act 1985 ('the 1985 Act') for the determination of the payability and reasonableness of service charges demanded in respect of the subject properties; (2) under paragraph 5 of Schedule 11 to the Commonhold and Leasehold Reform Act 2002 for the determination of the payability and reasonableness of administration charges; and (3) under section 20C of the 1985 Act for an order for the limitation of costs.

2 The Applicant is the leaseholder of Flat 806, Beaufort House, 94-98 Newhall Street, Birmingham B3 1PB ('the subject property').

3 The Respondent is the freeholder of the subject property. The Respondent is based in the British Virgin Islands and is represented in the United Kingdom by Grangeford Asset Management Limited ('Grangeford'). The property is managed by Centrick Limited ('Centrick').

Preliminary issue

4 On 29 October 2025 the Tribunal issued Directions for a case management hearing. The Directions required the parties to provide to the other party and to the Tribunal (i) a position statement and (ii) copies of any relevant documents seven days before the case management hearing. The Directions further required the attendance at the case management hearing of the parties or their authorised representatives; and stated that, if a party failed to attend, the Tribunal may exercise any and all of its powers under the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013 ('the 2013 Rules'), including the power to strike out a case, to bar a party from taking further part or to make a costs order.

5 The Respondent failed to provide a position statement and a bundle of documents as directed. Although the case management hearing was attended by the Applicant and by Michael Zenou, of Grangeford, representing the Respondent, he was unable to provide any explanation for the Respondent's failure to provide a position statement and other documentation; nor was he able to explain the failure of the Respondent or its agents to arrange for the attendance of an appropriate person at the hearing or the failure to contact the Tribunal in advance of the hearing.

6 In the light of these unexplained failures on the part of the Respondent, on 17 January 2026 the Tribunal issued Directions, indicating that it was minded to bar the Respondent from taking further part in the proceedings, pursuant to rule 9(3)(a) and (7)(a) of the 2013 Rules.

7 The parties were invited to make written representations in relation to the proposed barring. The Respondent submitted no representations.

8 In the circumstances, on 9 March 2026 the Tribunal ordered that the Respondent be barred from taking further part in the proceedings, pursuant to rule 9(3)(a) and (7)(a) of the 2013 Rules. The Tribunal noted that, by virtue of rule 9(8) of the 2013 Rules, where a Respondent is barred from taking further part in the proceedings, the Tribunal need not consider any response or other submission made by the Respondent and may summarily determine any or all issues against the Respondent.

Factual background

9 On 2 July 2021 the Respondent acquired the freehold interest in the subject property. On 2 August 2021 Grangeford Asset Management Limited ('Grangeford') notified the leaseholders of the acquisition. On 8 October 2021 KMP Solutions, the management company appointed by the previous freeholder, notified the leaseholders that the Respondent had appointed Centrick Limited ('Centrick') to take over the management of the property.

10 On 19 July 2023 Centrick provided the final service charge accounts for the 2021 service charge year. Those accounts indicated that there had been an overspend in the 2021 service charge budget resulting in a shortfall of £22,712.46. The leaseholders were advised that this was due to an overspend on 'insurance, maintenance, fire safety works and telephone costs'.

11 Centrick immediately demanded from the Applicant a balancing charge of £242.63 for the 2021 service charge year.

12 On 31 July 2023 the Applicant emailed Centrick to dispute the balancing charge and to seek further information: (i) the dates on which the non-budgeted costs had been incurred along with the relevant invoices or demands for payment, (ii) evidence that those costs had been incurred by the Respondent and/or its agents (as opposed to the previous owner of the Freehold or its agents), (iii) details of the terms of sale of the freehold which the Applicant considered would have included terms relating to the 2021 service charge budget, (iv) an explanation as to why the service charge accounts for 2021 had not been provided within the required period under the Applicant's lease and (v) an explanation as to why the demand for the balancing charge for the 2021 service charge year had not been made within the required period under the Applicant's lease.

13 Although Centrick responded to the Applicant on 6 September 2023, the Applicant did not accept that that response adequately addressed the points raised in his email dated 31 July 2023.

14 In relation to the delay to providing the accounts and the balancing charge demand, Centrick stated that the delay was due to a change in its systems but asserted that on 28 June 2022 pursuant to section 20B(2) of the 1985 Act it had sent a notice to all leaseholders informing them that a balancing charge would be demanded. Centrick provided an electronic copy of the letter to the Applicant.

15 Since the Applicant continued to challenge the payability of the balancing charge, he did not pay the charge.

16 The continued failure of the Applicant to pay the balancing charge led Centrick to impose a series of administration charges on the Applicant –

(i)	21 September 2023:	£72.00 (stage 2 late payment letter)
(ii)	7 October 2024:	£72.00 (stage 2 late payment letter)
(iii)	28 January 2025:	£72.00 (stage 2 late payment letter)
(iv)	13 February 2025:	£84.00 (stage 3 late payment letter)

Finally, Centrick demanded from the Applicant £468.00 in legal fees charged by Property Debt Collection limited.

Representations of the parties

17 The Applicant challenges the payability of the balancing service charge on the following grounds –

(i) that the Respondent has not provided evidence that either (i) it incurred the relevant costs or (ii) if the previous freeholder incurred this cost, that the terms of sale of the freehold enabled the Respondent to recover service charge costs that the Respondent itself did not incur;

(ii) that the Respondent did not provide a summary of the 2021 service charge 'as soon as may be practicable after the end of the service charge year' as required by paragraph 5.1 of Schedule 7 to the Applicant's lease but only provided the summary in July 2023;

(iii) that the Respondent did not request payment for unbudgeted expenditure in accordance with paragraph 6.1 of Schedule 7 to the Applicant's lease, which provides -

> If the landlord is required during any service charge period to incur or actually incurs unbudgeted expenditure which forms part of the service charge, the landlord is to be entitled to recover from the tenant the building service charge proportion of the service charge representing the whole of that expenditure on the service charge payment date next following.

and that for unbudgeted expenditure incurred in 2021, the next service charge payment date was 1 January 2022, whereas the Respondent did not demand this charge on 19 July 2023;

(iv) that the Respondent did not request payment for the balancing charge within 18 months of incurring the costs as required by section 20B of the 1985 Act; and that, insofar that the Respondent relies on a letter dated 28 June 2022, the Applicant disputes that this letter was provided on the date stated and/or avers that it does not adequately set out details of the costs incurred as required by section 20B(2) of the 1985 Act

18 In relation to the dispute over the disputed section 20B(2) notice, the Applicant argues that there is no record of this letter having been sent to all leaseholders on 28 June 2022 and that the meta data of the electronic copy of the letter that Centrick provided to the Applicant indicates that the document was created on 6 September 2023.

19 The Applicant challenges the payability of the administration charges set out in paragraph 16 above.

20 The Applicant argues that the costs incurred in sending template letters were not reasonable but amounted to a late payment penalty regime different from the regime provided for in the Applicant's lease. The Applicant stated that Centrick had previously sought to charge such late payments fees and this matter was subject to separate Tribunal proceedings (BIR/00CN/LAC/2022/0004) that were settled in the Applicant's favour by way of a Consent Order on 6 October 2022.

21 As noted above, the Respondent made no representations prior to be being barred from participating (further) in the proceedings.

Determination

22 The Tribunal determines that the demand for the balancing charge for the service charge year 2021 which was not made until 19 July 2023 is a demand that calls for explanation and that no satisfactory explanation has been provided by the Respondent.

23 The Tribunal determines that in so far as the Respondent failed to provide a summary of the 2021 service charge until July 2023, it failed to do so 'as soon as may be practicable after the end of the service charge year' as required by paragraph 5.1 of Schedule 7 to the Applicant's lease.

24 The provisions of the lease relating to the recovery of unbudgeted expenditure are poorly drafted.

25 Paragraph 6.1 of Schedule 7 to the Applicant's lease provides –

> If the landlord is required during any service charge period to incur or actually incurs unbudgeted expenditure which forms part of the service charge, the landlord is to be entitled to recover from the tenant the building service charge proportion of the service charge representing the whole of that expenditure on the service charge payment date next following.

26 And paragraph 8 of Schedule 7 provides -

> Without prejudice to statute, the tenant is not entitled to object to the service charge (or any item comprised in it) or otherwise on any of the following grounds:
>
> 8.1 the inclusion in a subsequent service charge period of any item of expenditure or liability omitted from the service charge for any preceding service charge period.

27 It is not easy to reconcile the above two provisions. Paragraph 6.1 appears to require the landlord to issue demands in respect of unbudgeted expenditure 'on the service charge payment date next following'. In the present case that date is 1 January 2022. Since that is the day immediately after the end of the 2021 service charge year, it may not be practicable to comply with the literal wording of paragraph 6.1. However, in the present case the Respondent also failed to issue the demand to the Applicant on any of the next three service charge payment days (1 July 2022, 1 January 2023, 1 July 2023): the demand was not issued until 19 July 2023.

28 Paragraph 8.1 appears to permit the landlord to issue *at any time* demands for expenditure omitted from *any preceding service charge year*. However, that provision is stated to be 'without prejudice to statute', which is presumably a reference to section 20B of the 1985 Act.

29 Section 20B of the 1985 Act provides –

> (1) If any of the relevant costs taken into account in determining the amount of any service charge were incurred more than 18 months before a demand for payment of the service charge is served on the tenant, then (subject to subsection (2)), the tenant shall not be liable to pay so much of the service charge as reflects the costs so incurred.
>
> (2) Subsection (1) shall not apply if, within the period of 18 months beginning with the date when the relevant costs in question were incurred, the tenant was notified in writing that those costs had been incurred and that he would subsequently be required under the terms of his lease to contribute to them by the payment of a service charge.

30 It is not disputed that the demand for the balancing charge for 2021 was not made until 19 July 2023, more than eighteen months after the relevant costs were incurred during 2021; but the Respondent states that on 28 June 2022 it sent a letter to the Applicant (and the other leaseholders), which it asserts satisfies the requirements of section 20B(2).

31 The Tribunal does not agree with the Applicant's submission that the substance of that letter does not satisfy the requirements of section 20B(2).

32 However, in the absence of evidence from the Respondent *even before* being barred from participating (further) in the proceedings, the Tribunal is minded to accept the position of the Applicant (i) that the letter was not sent to the leaseholders on 28 June 2022 and (ii) that the meta data of the electronic copy of the letter that Centrick provided to the Applicant indicated that it was created on 6 September 2023 (more than eighteen months after the end of the 2021 service charge year.

33 For the above reasons, the Tribunal determines that the balancing charge of £242.63 for the 2021 service charge year demanded from the Applicant by the Respondent is not payable.

34 It necessarily follows that the administration charges and legal fees totalling £768.00 demanded from the Applicant by the Respondent for late payment of the balancing charge are not payable.

Appeal

35 If a party wishes to appeal this Decision, that appeal is to the Upper Tribunal (Lands Chamber). However, a party wishing to appeal must first make written application for permission to the First-tier Tribunal at the Regional Office which has been dealing with the case.

36 The application for permission to appeal must be received by the Regional Office within 28 days after the Tribunal sends written reasons for the decision to the person making the application.

37 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(s) for not complying with the 28-day time limit. The Tribunal will then consider the reason(s) and decide whether to allow the application for permission to appeal to proceed despite not being within the time limit.

38 The application for permission to appeal must state the grounds of appeal and state the result the party making the application is seeking.

16 June 2026

Professor Nigel Gravells
Deputy Regional Judge