FIRST-TIER TRIBUNAL
PROPERTY CHAMBER (RESIDENTIAL PROPERTY)

Case References	:	**LON/00AG/OC9/2025/0701**
Property	:	**17 Priory Terrace, London, NW6 4DG**
Applicant	:	**17 Priory Terrace Freehold Ltd.**
Representative	:	**Gregsons Solicitors**
Respondent	:	**Assethold Ltd.**
Representative	:	**Eagerstates Ltd.**
Type of Applications	:	**For the determination of the costs payable by the Applicant pursuant to section 33(1) of the Leasehold Reform, Housing and Urban Development Act 1993**
Tribunal Member	:	**Judge S. J.Walker**
Date and Venue of Hearing	:	**Decided on the Papers**
Date of Decision	:	**3 July 2026**

DECISION

Pursuant to section 33(1) of the Leasehold Reform, Housing and Urban Development Act 1993, statutory costs totalling £2,040 including VAT are payable by the Applicant to the Respondent.

Reasons

Background

1. This is an application made by the Applicant under section 91 of the Leasehold Reform, Housing and Urban Development Act 1993 ("the Act") for a determination of the statutory costs payable by them under section 33 of the Act arising out of their application to acquire the freehold of the property from the Respondent.

2. The Respondent's entitlement to its costs under section 33(1) of the Act arises as follows. On 4 February 2025 the Applicant, the nominee purchaser, served an initial notice on the Respondent under section 13 of the Act. A counter-notice was served on 9 April 2025. Thereafter the parties' valuers negotiated the premium. This was agreed on 22 September 2025.

3. The Applicant made an application to the Tribunal to determine the terms of acquisition and on 27 October 2025 the Applicant submitted a draft TR1 to the Respondent.

4. The application to determine the terms of acquisition – in respect of which only one matter was in dispute, namely whether or not the nominee purchaser would accept liability for any past claims against the Respondent – was decided by Judge Shepherd on 31 March 2026.

5. Directions were initially issued by the Tribunal in respect of this application for costs on 10 April 2026. On 7 May 2026 the Applicant made an application to the Tribunal for an order requiring the Respondent to disclose the invoice for the valuation fees of the Respondent's valuer and a consequent extension of time for complying with the directions.

6. This application was granted and amended directions were issued on 21 May 2026. These directions required the Respondent to prepare a schedule of costs sufficient for a summary assessment which was to include copies of invoices substantiating claimed costs and, specifically, a copy of the valuer's invoice for £2,940.

7. The directions also provided that the application would be decided on the papers unless either party requested a hearing within 14 days of the date of the directions. No such request has been made. I considered rules 3 and 31 of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013 and was satisfied that it was appropriate to determine the application without a hearing.

8. In reaching my decision in this case I relied on a paginated bundle of 62 pages. References to page numbers are to the printed numbers in this bundle.

<u>The Law</u>

9. The liability of the Applicant to pay the Respondent's costs is governed by section 33 of the Act, which provides, so far as relevant, as follows;

> "*(1) Where a notice is given under section 13, then (subject to the provisions of this section and sections 28(6), 29(7) and 31(5)) the RTE company shall be liable, to the extent that they have been incurred in pursuance of the notice by the reversioner or by any other relevant landlord, for the reasonable costs of and incidental to any of the following matters, namely*
>
> *(a) any investigation reasonably undertaken*
>
> *(i) of the question whether any interest in the specified premises or other property is liable to acquisition in pursuance of the initial notice, or*
>
> *(ii) of any other question arising out of that notice;*
>
> *(b) deducing, evidencing and verifying the title to any such interest;*
>
> *(c) making out and furnishing such abstracts and copies as the nominee purchaser may require;*
>
> *(d) any valuation of any interest in the specified premises or other property;*
>
> *(e) any conveyance of any such interest ….*
>
> *(2) For the purpose of subsection (1) any costs incurred by the reversioner or any other relevant landlord in respect of professional services rendered by any person shall only be regarded as reasonable if and to the extent that costs in respect of such services might reasonably be expected to have been incurred by him if the circumstances had been such that he was personally liable for such costs….*
>
> *(5) The RTE company shall not be liable under this section for any costs which a party to any proceedings under this Chapter before the appropriate tribunal incurs in connection with the proceedings.*

10. Costs are, therefore, not to be assessed under either the standard basis or the indemnity basis. Nevertheless, costs must be reasonable. The case of <u>Drax -v- Lawn Court Freehold Ltd.</u> [2010] UKUT 81 (LC) makes it clear that the landlord should only receive its costs where it has explained and substantiated them.

The Application

11. In response to the directions, the Respondent produced a schedule of costs (pages 16-18). Sums were claimed under three heads, £2,940 for valuer's fees inclusive of VAT, £1,500 for solicitor's fees with no VAT, and £1,200 for managing agent's fees inclusive of VAT, making a total claim of £5,640.

12. In their statement of case (pages 19-21) the Applicant asserts that the Respondent has provided no more than a schedule with bare sums claimed. No breakdown of sums claimed, other documents or invoices have been provided.

13. In respect of the valuer's fee the Applicant argues that no evidence has been provided to support the claim that Mr. Laurence Nesbitt of Nesbitt & Co. Ltd. was the valuer appointed. They also argue that the sum is excessive and invite the Tribunal to limit the fee to that paid by the Applicant, £1,200 inclusive of VAT. They argue that this is reasonable given that the property is a modest block of 4 flats with leases all in the same form. (I note at this point that the fee paid by the Applicant was, in fact, £1,200 plus VAT, making a total of £1,440 – see page 31).

14. In respect of legal costs, the Applicant argues that the Respondent has not in fact instructed solicitors to act for them. They argue that the fact that no VAT is claimed suggests that the work was done by Mr. Ronni Gurvits, who became a freelance solicitor on or after 23 March 2026. They argue that up until that date he could not, under the terms of the Legal Service Act 2007, undertake reserved activities, which include property transactions. They argue that by 23 March 2026 no legal work needed to be done as the parties were simply awaiting the Tribunal's decision on the terms of acquisition.

15. In respect of the managing agent's fees the Applicant argues that there is insufficient information in the schedule to identify what the managing agent did other than serve the counter notice and refuse to agree the terms of the TR1. They argue that if the agent had provided a service as alleged it would be able to provide an invoice and some indication of the time spent. They argue that a reasonable fee would be three to four hours work at an hourly rate of £75 per hour.

16. The Respondent's statement of case is at pages 51 to 54. It begins by setting out the law, which is not controversial. They correctly identify that the Tribunal must consider what cost the Respondent would have reasonably incurred had it been personally liable for it.

17. With regard to the valuer's fee the statement says that the valuer's invoice is exhibited (para 11 at page 52). They argue that the fee is reasonable.

18. With regard to the legal costs, the Respondent argues that the £1,500 is a fixed fee. They argue that the costs are the reasonable costs of the conveyancing and title work on the transfer of the freehold, including the drafting of the TR1 and

the steps to completion. They argue that the drafting of the TR1 is the substantive conveyancing work and that this is professional, not administrative work. They argue that the fee of £1,500 for drafting the transfer and dealing with title is reasonable and proportionate.

19. In response to the argument put forward by the Applicant that this charge was for work done by Mr. Gurvits and that he was not entitled to charge for such work, the Respondent simply states that there is no requirement that the costs should be those of an external solicitor and that the reasonable costs are recoverable whether incurred in-house or otherwise. They argue that recoverability depends on whether the work falls within section 33(1) or not, not on the professional status of the person who carried it out.

20. With regards to the managing agent's fee the Respondent argues that Eagerstates Ltd. acted as the Respondent's agent and that their fee is recoverable in principle. They further argue that the fee of £1,200 inclusive of VAT is a fixed fee referable to the agent's work falling within section 33(1). They also argue that a fixed fee is a proper basis of charge as it provides certainty to a reasonable landlord.

The Tribunal's Conclusion

21. I bear in mind the requirement that the landlord should only receive their costs if they have both explained and substantiated them and that I must consider what would a reasonable landlord pay if they themselves were the paying party.

22. With regard to the valuer's fee, I note that despite the assertion to the contrary in the Respondent's statement of case, no invoice has been provided for the valuer's fee. I have carefully checked all the documents available to me and there is no such invoice.

23. That being the case I am not satisfied that the Respondent has substantiated the amount of this cost. In the absence of any other evidence, I accept the Applicant's suggestion that the proper sum payable should be the same as that paid by the Applicant. As noted above this was, in fact, £1,440 including VAT.

24. With regard to the legal costs, I note that the Respondent has provided no information about who in fact carried out this work. That is despite the assertion made by the Applicant that this work was done by Mr. Gurvits, who was not permitted, they say, to charge for such work. The Tribunal is left, therefore, with no indication of who did the work. Indeed, there is some suggestion that the Respondent itself drafted the TR1 (see para 19 of the statement of case at page 53). However, at the same time the Respondent argues that the work is not administrative but professional, but yet does not disclose which professional undertook it.

25. In all the circumstances I am not satisfied that the Respondent has either sufficiently explained or substantiated these claimed costs and I therefore find that the legal costs claimed are not payable.

26. This then leaves the managing agent's costs. I accept that Eagerstates Ltd. were acting on behalf of the Respondent, as is shown by the correspondence produced by them and I therefore accept that some costs are properly payable. The Respondent's case is that the fee of £1,000 plus VAT is a fixed fee and is a reasonable fee for the work undertaken. Whilst I accept that it may be reasonable to charge a fixed fee for work undertaken by an agent rather than charging an hourly rate, as this does give more certainty, it does not follow that it is sufficient simply to state that the fee is a fixed one. If the fixed fee charged is considerably in excess of what a likely fee would be if charged at an hourly rate, then that fixed fee may well not be reasonable. In my view a reasonable landlord using their own money would not be likely to agree a fixed fee if the likely effect of that agreement would be that they had to pay significantly more than they would have paid at a reasonable hourly rate.

27. The problem is that the Respondent has given very little indication of what the agent actually did – apart from the general assertion that they investigated the initial notice, verified title, and dealt with giving effect to the acquisition – and no indication at all of how much time was in fact spent by the agent in undertaking the work covered by the fixed fee. The only documentary evidence of any activity by the managing agent is the two letters dated 9 April 2025 and the counter notice (pages 22 to 30).

28. The Applicant suggests that the proper fee would be for 3 or 4 hours work at £75 per hour, making a total of £300 at most plus VAT. In my view this is very much at the low end of the scale, even for a relatively modest property. Making the best I can of the information available to me I consider a reasonable fee would be £500 plus VAT, making a total of £600.

Total Costs

29. For the reasons set out above the Tribunal allows statutory costs of £2,040. These comprise valuation fees of £1,200 plus VAT of £240 and managing agent's fees of £500 plus VAT of £100.

Name: Judge S.J. Walker **Date:** 3 July 2026

ANNEX - RIGHTS OF APPEAL

- The Tribunal is required to set out rights of appeal against its decisions by virtue of the rule 36 (2)(c) of the Tribunal Procedure (First-tier Tribunal)(Property Chamber) Rules 2013 and these are set out below.

- If a party wishes to appeal against 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.