FIRST - TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Case Reference: CAM/012UELSC/2025/0700

Property: The George, 76 High Street, Somersham, PE28 3EH

Applicant: Robert and Denise Hogan (Flat 3), Steven and Tracy Jones (Flats 1 & 4), Harriet Robinson (Flat 2)

Representative: In person

Respondent: Richmond Properties

Representative: Alister George

Type of Application: s.27A of the Landlord and Tenant Act 1985.

Tribunal members: Tribunal Judge Granby (Chair), Mr Thomas MRICS

Date of Decision: 10 July 2026

Date of Hearing: 22 May 2026

DECISION

Introduction

1. This is an application under s.27A of the Landlord and Tenant Act 1985 for a determination of the payability of service charges.

2. The charges that have been paced before the Tribunal are the on account payments for the years ending 2022, 2023, 2024 and 2025. During the course of submissions the Tribunal was informed that balancing demands had been served for at least some of the years based on actual

expenditure. For reasons explained below the Tribunal did not amend the application to consider the incurred costs.

3. As a result this decision will inevitably leave some matters of concern to the parties unresolved – nothing in this decision prevents either the leaseholders or the freeholder making an application for the determination of the payability of the balancing demands if they are unable to agree matters between themselves.

4. The Respondent is the freehold owner of the premises known as The George, 76 High Street, Somersham, Huntington, Cambridgeshire, PE28 3EH ("the Property"). The Property is a former public house converted into four flats. The Applicants are the leaseholders of those flats.

5. The Property is managed by the Respondent through George and Company (Surveyors) Ltd. Mr Alister George MRICS is a Director and the controlling mind of both the Respondent and George and Company.

6. Mr George attended the Tribunal and made submissions on behalf of the Respondent along with Ms Clare Archer AssocRICS of George and Company.

7. The Applicant leaseholders attended and likewise made submissions.

8. The Tribunal is grateful to the parties for their assistance.

Background

9. Given the nature of the issues the Tribunal is required to resolve it is unnecessary to say much about the background to the dispute.

10. The leases were all granted in c.2021 by the developer, Rugby Property Assets Limited. This application does not raise questions of contractual payability and so it is unnecessary to consider the leases further.

11. The Respondent acquired the reversion in 2022 and dispute arose as to the management of the Property. It is common ground that the relationship between the Applicants and the Respondent has broken down.

12. The Applicants (through Mr and Mrs Hogan) commissioned an audit under s.80 of the Leasehold Reform Housing and Urban Development Act 1993 from Mr John Byers FRICS. This report is dated 19 July 2024.

Applicable Law

13. S.19 (1) of the Landlord and Tenant Act 1985 provides:

19Limitation 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...

14. The operation of s.19(2) was explained by the Master of the Rolls in *OM Property Management Ltd v Burr* [2013] EWCA Civ 479; [2013] 1 W.L.R. 3071:

> "On the other hand, as section 19(2) makes clear, there is a different regime in relation to estimated costs before they are incurred. The landlord or management company is entitled to reflect reasonable estimated costs in the service charge and the statute makes no provision for adjustment of estimated costs."

15. *Carey Morgan v De Walden* [2013] UKUT 134 (LC); [2013] 2 P. & C.R. DG3 sets out a two-stage approach to determining an application

challenging the reasonableness of interim service charges: (1) the contractual entitlement must be established (which is not in issue in this case) and (2) the tribunal must consider whether the s.19(2) filter prevents the landlord from including any part of the amount demanded on the basis that it is greater than is reasonable.

16. It is often the case that by the time a dispute in relation to the reasonableness of interim charges reaches a court or tribunal, the actual cost has often been incurred. In *Knapper v Francis* [2017] UKUT 3 (LC); [2017] L. & T.R. 20.the question for the Upper Tribunal was whether in determining whether the on account sum claimed was reasonable, the First-tier Tribunal could take into account the actual cost incurred. The President of the Upper Tribunal found that the:

> *"language of the subsection suggests that the statutory ceiling applies at the time the leaseholder's liability arises. If, at that date, the on-account payment is greater than a reasonable sum, the leaseholder's contractual obligation is to pay only the lesser, reasonable sum."*

17. Accordingly, the question of what sum ought reasonably to be paid on a particular date depends on the circumstances in existence at that date. The actual relevant costs incurred by the landlord at a later date are irrelevant (in this respect the Tribunal endorses paragraph 12-30 of *Service Charges and Management 5th Edition* which draws the same conclusion).

18. The leading case on what is reasonable is *The London Borough of Hounslow v Waaler* [2017] EWCA Civ 45 where the Court of Appeal held that what was reasonable was a question of outcome not simply of process.

19. In *Gell v 32 St John's Road (Eastbourne) Management Co Ltd* [2021] EWCA Civ 789; [2021] 1 W.L.R. 6094 the Court of Appel reaffirmed the longstanding proposition derived from *Yorkbrook. Investments Ltd v Batten* (1985) 18 HLR 25 that it is for the party challenging the payability of a service charge to raise a prima facie case on their pleadings that a service charge is not reasonable in amount. This was affirmed by the Court of Appeal in *Spender v FIT Nominee Ltd* [2025] EWCA Civ 1578 which additionally held that the burden of proof in a s.27A application generally (as opposed to the manner in which reasonableness is to be addressed) is on the party seeking the assistance of the Tribunal.

20. In *Sovereign Network Homes v Hakobyan & Ors* [2025] UKUT 115 (LC) (per the President) the Upper Tribunal affirmed that the process in this Tribunal is adversarial not inquisitorial – the function of the Tribunal is to resolve the dispute as identified by the parties on their pleaded case, there are very limited circumstances in which it is appropriate for the Tribunal to take point of its own motion.

21. In the light of the decision in *Sovereign* the Tribunal has not considered contractual payability save where it has been raised by the parties.

The Application

22. The Application is in Leasehold Form 3 and identifies the years in question and the sums in issue. At Page 19 the Applicants describe the questions they wish the Tribunal to decide as being:

    1. Is it legally permissible to issue service charges supported only by draft invoices and incomprehensible spreadsheets in response to a Section 15 request
    2. Is the cumulative service charge cost reasonable given the continued lack of evidence of any service rendered
    3. Have the fire safety procedures been neglected or fraudulently backdated

4. Does the absence of site inspections and documentation nullify the management fee
5. Can charges for general repairs, grounds maintenance, gutter cleaning and cleaning be justified as distinct and reasonable
6. Is it lawful for a management company to withhold communication and intimidate leaseholders following their legal queries

23. For the benefit of the parties, on an application under s.27A of the Landlord and Tenant Act 1985 the Tribunal is determining, in broad terms, what service charge is payable and to who. The Tribunal can resolve any question that it is necessary to resolve to answer that primary question but it is not inquisitorial. The Tribunal also does not determine (at least under s.27A) what has been paid by a leaseholder, only what is payable.

24. In accordance with directions the Applicants produced a Scott Schedule and the Respondent has provided its comments on the items in the Schedule.

25. The line items in the Scott Schedule are all those from the interim demands given for the applicable year and are based on the budget for that year.

26. The real dispute, as presented in the Scott Schedule and supporting documents, appears to largely relate to actual expenditure (for example the Applicant's request invoices to substantiate expenditure).

27. There is accordingly a mismatch between most of the issues that are concerning the Applicants and the Application as it has been presented to the Tribunal. Most of the Applicant's challenges to the budgeted items are really challenges to the amount that was actually expended.

28. During the course of the hearing, when it became apparent that demands had been made on the basis of incurred expenditure, but had not been included in the Scott Schedule or statements of case, the Tribunal identified to the parties the difference between s.19 (1) and s.19 (2) of the Landlord and Tenant Act 1985.

29. The Tribunal considered carefully whether amendment of the application should be directed so that the Tribunal would determine actual rather than budgeted expenditure and, after hearing from the parties, concluded that it should not, for the following reasons:
    a. This is an adversarial forum, the parties have brought the Tribunal the dispute they have by way of their pleaded case, neither party had applied for an amendment.
    b. Such an amendment would occasion an adjournment, the case would need to be re-pleaded largely from scratch and it appeared unlikely the bundle contained all the necessary information to enable a fair determination without an adjournment, the Respondent expressly said that it did not.
    c. There was no real economy in amendment as opposed to a fresh application as the claim would effectively be starting from scratch
    d. The Respondent was opposed to the FTT simply determining the payability of the actual demands without an adjournment as there was more information that could be relevant to actual expenditure.

30. It is unfortunate that this decision will resolve little between the parties particularly as the parties had clearly put considerable effort into preparation for the hearing. It is a product of the Applicants challenging budgeted sums largely by seeking proof of expenditure that the Respondent was bound to succeed on almost all of the items placed in issue on the Scott Schedule.

2022

"Shortfalls"

31. The first four items on the schedule are what are said to be shortfalls for flats 2 and 3 for 2021 and 2022 respectively. The Respondent states that they were not the managing agent and in submissions this was clarified to mean that the sums were those identified by the Respondent's predecessor in title.

32. These sums are not due to the Respondent – there is no suggestion of an assignment and the Respondents response is a pains to disassociate the Respondent from these claims.

Accountancy Fees: £650

33. This is not payable to the Respondent, the Respondent asserts that "we were not the managing agent at this point".

Building Insurance: £929.17

34. It is not suggested that this sum is not a reasonable budgeted figure. It is payable.

Cleaning: £648.83

35. The Applicant states that there was no cleaning observed and the leaseholders cleaned the Property. This sum is payable, it was reasonable to budget for cleaning even if it was not subsequently undertaken.

Electricity Internal: £300

36. The Applicant asks for the invoices. This figure is a budgeted figure and is payable.

Emergency Lighting: £400

37. The Applicant asks to see invoices and submits that there are no emergency lights. No expenditure under this heading appears in the accounts but the Tribunal considers that it was reasonable to budget for emergency lighting (which is likely to be required).

Fire Alarm: £750

38. The Applicant asks for invoices. Again this figure appears to be a reasonable budget even if work was subsequently not undertaken and is payable.

Fire/ H&S/ Asbestos Assessment: £650

39. The Applicant asks for invoices. Again this figure appears to be a reasonable budget even if work was subsequently not undertaken and is payable

Gardening £500

40. The Applicants ask for invoices and say that there had been an agreement that the leaseholders would undertake gardening. This agreement appears to post-date the demand. Again this figure appears to be a reasonable budget even if work was subsequently not undertaken and is payable.

Maintenance: £250

41. The Applicant asks for invoices. Again this figure appears to be a reasonable budget even if work was subsequently not undertaken and is payable.

Management Fee: £1560

42. The Applicants say that the amount is high. The Applicants complain of the service received but that does not form part of the test under s.19 (2) (although such matters may be relevant to any later determination under s. 19 (1)). £1560 is £390 per unit which appears high for the area and the modest nature of the Property even allowing for small buildings inevitably having higher per unit costs because of the absence of an economy of scale / certain tasks being largely independent of the size of the building.

43. Although the comments in the Scott Schedule refer to s.20 consultations Mr George confirmed during the hearing that any s.20 consultation would incur additional charges (as is the normal position under the RICS code).

44. The Applicants have not provided any alternative quotes but Mr Byers report (from 2024) suggests that a figure of £195 per unit (to a total of £780) is towards the top end of the range of reasonableness.

45. Mr Byers gives his professional address as being Temple Avenue, London EC4Y 0HP and his firms registered address appears to be in Surrey neither of which are local to the Property. There is no reference in Mr Byers report to Mr Byers having any particular local knowledge.

46. The Tribunal considers that the Applicants have, via Mr Byers report, raised a *prima facie* case that the sum of £1560 would not be reasonable – this has not been rebutted by the Respondent (who called no evidence on the point at all beyond asserting that the charges hadn't changed since

2022). The Tribunal accordingly determines that £780 would be towards the top end of the range of reasonableness and (with some practical extrapolation) places the upper end of that range at £850.

47. The Tribunal considers it unreasonable to budget so far in advance of the upper end of the range of reasonableness and accordingly limits the amount recoverable by way of an interim demand to £850.

48. This does not, of course, directly affect the payability of the final demand for the year which would need to be the subject of a separate application

Reserves: £500

49. The Applicants do not suggest this sum is unreasonable but request a bank statement and an account of expenditure. The Tribunal does not have an accounts and enquiries jurisdiction and is not directly concerned with how any funds placed in a reserve are spent – accordingly (in the absence of any other challenge) the Tribunal finds the sum payable on the arguments it has heard.

Window cleaning: £350

50. It is common ground that there is no contractual basis for this item, the Tribunal accordingly determines that it is not payable.

"Budget New"

51. This does not appear to challenge any particular expenditure but asks why the budget only covers 10 months – the reason given is that the Respondent took over part way through the year. The Applicants have not suggested that the Respondent was not entitled to create (and demand) its own budget "mid-year" (i.e. it has not been suggested that

the Respondent was bound it its predecessor in title's budget if, indeed, there was one).

52. For the avoidance of doubt the Tribunal affirms that the Respondent was entitled to produce demands on the basis of its own budget.

2023

Accountancy Fees: £650

53. The sum is reasonable as a budget, any complaint about the quality of the accounts would arise in relation to incurred expenditure.

Cleaning: £200

54. The Applicants say that the common parts are a single staircase and it was cleaned by a leaseholder and that the Respondent had no key. The Tribunal determines that it was reasonable to budget for cleaning as it is common ground that the Respondent was obliged to undertake it.

Electrical Services: £200

55. This was described as electrical "works" in submissions. The Tribunal finds this sum reasonable as a budget and payable as such.

Electrical Internal: £200

56. The Tribunal finds this sum reasonable as a budget and payable as such.

Emergency Lighting: £500

57. The Tribunal finds this sum reasonable as a budget and payable as such.

Fire Alarm: £240

58. The Tribunal finds this sum reasonable as a budget and payable as such.

Fire Precautions: £100

59. The Tribunal finds this sum reasonable as a budget and payable as such.

Management Fees: £1560

60. The Tribunal repeats its reasoning from 2022 and finds the sum of £850 payable.

Garden/ Grounds Maintenance: £400

61. The Applicants state that there is no garden but there are grounds (which appear to be largely parking) that will require some maintenance. The Tribunal finds this sum reasonable as a budget and payable as such.

Reserves: £250

62. The Tribunal finds this sum reasonable as a budget and payable as such.

Alleged Double Charging: £891.06 (Flat 2) £512.45 (Flat 3)

63. The Tribunal has determined what is payable – the Applicants are liable for their proportionate part, the Tribunal has no direct jurisdiction on a s.27A application to determine what has been paid.

2024

Banking: £100

64. The Tribunal finds this sum reasonable as a budget and payable as such.

65. The following items are payable as set out in the schedule, the Tribunal's reasoning is the same as for previous years save where stated:

    a. Cleaning: £480
    b. Gardening/ Grounds Maintenance: £400. The quote obtained by the leaseholders may be relevant to incurred costs.
    c. Electrical Repairs: £100
    d. Emergency Lighting: £950.
    e. Fire Alarm Maintenance: £2010
    f. Accountancy: £650
    g. Electricity: £200
    h. Reserve fund: £250

66. The managing agent costs (claimed at £1560) are limited to £850 for the reasons given above.

2025

67. The following items are payable as set out in the schedule, the Tribunal's reasoning is the same as for previous years save where stated:

    a. Bank Charges: £100

b. Cleaning: £400
c. Gardening/ Grounds Maintenance: £400. The quote obtained by the leaseholders may be relevant to incurred costs.
d. Electrical Repairs: £100
e. Emergency Lighting: £950
f. Fire Alarm Maintenance: £950
g. Accountancy: £660
h. Electricity: £500
i. Reserve fund: £250

68. General Repairs: £1130. There is no challenge to this item beyond a request for invoices. The amount is accordingly found to be payable.

69. Gutter Cleaning: £500. There is a cheaper quote but this does not render the sum of £500 unreasonable as a budget. If there was an arrangement in effect that the leaseholders would undertake the work then that would not make it unreasonable for the landlord to budget to carry out the work (although that might be relevant to whether the costs should actually have been incurred).

70. The managing agent costs (claimed at £1560) are limited to £850 for the reasons given above.

Conclusion

71. It may be that both parties would have benefited from some advice in putting together their cases and are encouraged to attempt to reach a resolution on the actual expenditure.

Appeals

A person wishing to appeal this decision to the Upper Tribunal (Lands Chamber) must seek permission to do so by making written application by email to rpeastern@justice.gov.uk .

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.

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.

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.