FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Case reference	**:**	**LON/00AW/LSC/2025/1244**
Property	**:**	**Flats 3 and 2b, 74 Holland Road London W11 3SL**
Applicants	**:**	**Flat 3: Leslee Udwin and Kim Romer** **Flat 2b: Maya Romer**
Representative	**:**	**Leslee Udwin**
Respondent	**:**	**Notting Hill Genesis**
Representative	**:**	**Sam Phillips of counsel**
Type of application	**:**	**An application under section 27A Landlord and Tenant Act 1985**
Tribunal	**:**	**Judge Adrian Jack, Tribunal Member Pavlos Joseph MRICS**
Date of Decision	**:**	**13th July 2026**

DECISION

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1. By an application dated 8th December 2025, the applicant tenants seek a determination under section 27A of the Landlord and Tenant Act 1985 as to whether service charges are payable and under Schedule 11 to the Commonhold and Leasehold Reform Act 2002 as to whether administration charges are payable in respect of the service charge years 2018-19 to 2025-26. (The service charge year runs to 31st March.) The tenants also seek an order for the limitation of the landlord's costs in the proceedings under section 20C of the Landlord and Tenant Act 1985.

2. The tenants also sought an order to reduce or extinguish the tenant’s liability to pay an administration charge in respect of litigation costs, under paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002. These charges have, however, been conceded by the landlord to be not payable, so we no longer need to determine this issue.

3. Pursuant to the Tribunal's directions, the parties prepared a Scott Schedule. This substantially reduces the issues. In each service charge year in dispute the tenants challenge the management fees and the contributions to the reserve fund. In addition there is a challenge to the cost of asbestos removal in 2023-24. There was originally a challenge to a budgeted figure of £7,000 in respect of servicing the boiler in 2022-23, however, in fact no sum was claimed for this item in the final accounts for 2022-23, so this dispute fell away.

4. Flat 3 is a three bedroom flat on the first floor. Flat 2b is a much smaller flat on the ground floor. They are in a substantial Grade 2 listed building built in about 1860. It contains 14 flats, most held on long leases but some occupied by social housing tenants. The landlord is a well-known housing association, responsible for some 60,000 units.

5. The first two applicants are wife and husband. They hold the long lease of Flat 3. Their share of the service charges is 17.8 per cent. The third applicant is their daughter. She holds the long lease of Flat 2b. Her share of the service charges is 4.21 per cent. (There is no issue about the proportions: Ms Udwin explained that Flat 3 was much the biggest in the block.) The leases are in different form, but each provide for payment of service charges in the usual way with payments on account and settlement of the precise amounts after the end of each service charge year. Provision is made for contributions to a reserve fund, but the lease of Flat 2b additionally provides that the contribution to the reserve fund shall "be computed in such manner as to ensure as far as is reasonably foreseeable that the Service Provision shall not fluctuate unduly from year to year."

The reserve fund

6. The contribution sought to the reserve fund has varied. In 2016-17 the amount sought was £15,000 and in 2017-18 £10,000. (Neither of these serve charge years is before us.) In 2018-19, £25,000 was sought and in 2019-20 £15,000. Originally in 2019-20, the landlord indicated that contributions to the reserve fund might be suspended that year, but after the problem with the boiler came to light the contribution based on £15,000 was in fact demanded. In 2020-21 the landlord originally sought a reserve fund contribution of £70,000, but this was subsequently reduced to £25,000. In subsequent years the contribution sought was in 2021-22 £30,000; in 2022-23 £30,000; in 2023-24 £30,000; in 2024-25 £30,000; and in 2025-26 £30,000.

7. The main issue argued in relation to the reserve fund demands concerns the boiler works. The block has a communal boiler system which provides heating and hot water to all the tenants in the block. The boiler is situated under the stairs at the front of the building.

8. On 11th May 2018 the landlord served a notice of intention to do works. This was Stage 1 of the section 20 consulation it needed to carry out, if

the tenants' contribution to the works was not to be limited to £250 per flat. The landlord said this in its stage 1 consultation:

> "It is our intention to carry out three pieces of work, one of which we have already consulted with you. We are re-consulting with you all as there was a large amount of asbestos found within the boiler room which needs to be removed before the works can begin. We have also been informed that in order to carry out the works to the boiler we will need to level the boiler room floor. I will include the information regarding all of the works within this consultation for clarity. These works are estimated to take place during the 2018/19 financial year. In the next stage of the consultation process we will be providing 2 alternative quotes for the work. For clarity we will be;
>
> • Removing asbestos in the current boiler room
>
> • Levelling the current boiler room floor
>
> • Replacing the existing gas central heating boiler at the property (previously consulted on 24 July 2017)."

9. On 31st July 2018 the landlord carried out a State 2 consultation. They had obtained quotations from various firms. They proposed to accept the cheapest. Removing asbestos would cost £12,774; levelling the floor £6.240; and replacing the boiler £44,984.40. (We cite the costs inclusive of VAT.) In the event, it was decided not to level the floor, so the total cost at this stage would have been £51,224.40.

10. Ms Udwin said that she was happy with both Stage 1 and Stage 2 of this consultation. The boiler had been breaking down and needed replacing. It appears that no tenant responded to the consultations and no alternative firms were proposed.

11. The amount in the reserve fund was put in the accounts as £136,410, so the landlord, the tenants argue, was in a financial position to go ahead with the works. The landlord argues that the position is more nuanced than this. There were ordinary service charge items of £99,192 to pay. The major works at this stage still included the floor levelling, so the total cost was £63,998.40. This left a deficit of £26,780.37, which had not at that point been raised from the tenants.

12. In fact at this point, what had been Notting Hill Housing had merged with Genesis to form the current landlord. The "Notes on proposed service charge estimate 1 April 2018 to 31 March 2019" says the landlord had decided not to proceed with a tender for estate services, because "the proposed merger with Genesis will provide the opportunity for a joint procurement that will deliver the best value for money to residents through economies of scale and increased efficiencies." As to reserve fund contributions, it noted that these are "based on the stock condition surveys that were recently carried out and our knowledge of the building.

This has been increased as currently there will not be enough money in the account to pay for the estimated costs."

13. It is against this background that the landlord did not proceed with the boiler works at this stage.

14. Instead, on 9th May 2022 the landlord started a fresh consultation process. This Stage 1 consultation document described the works as "works to replace the boiler at 74 Holland Park. Subject to the outcome of the consultation process and a successful tender I anticipate these works will commence during the summer 2022."

15. The Stage 2 consultation was in a document dated 8th June 2022. There were two contractors who had given valid quotations. The cheapest was K&T Heating, who quoted £184,828.66 plus VAT for the works. This figure was in fact a miscalculation. The quotation was in fact for £194,828.66 and that information was given to the tenants under cover of a letter of 10th July 2022.

16. Ms Udwin concedes that the consultation process was properly carried out.

17. K&T commenced the works in August 2023 and were paid in five tranches between 31st August 2023 and 12th March 2024. The total cost was £179,748.66 plus VAT. This was less than the quotation given by K&T, however, there was an extra related to additional fire stopping works in the amount of £3,169.15 plus VAT.

18. The landlord has still not finalised the service charge accounts for 2023-24. Thus there is as yet no final figure for 2023-24 which the applicants can challenge. This is highly regrettable. Ms Udwin's case is that the increase in the cost of the work from £51,224.40 (including VAT) in 2018 to £179,748.66 plus VAT was not justified. Yet this issue is not directly before us. The same applies to the asbestos issue. The figure incurred for asbestos removal in 2023-24 was £12,774 (including VAT), but since no final accounts have yet been prepared, the tenants cannot challenge this directly.

19. The sole issue we have to determine is whether the amounts demanded in respect of reserve funds were reasonable. In determining this, we have to give the landlord a wide discretion. A landlord must each year take a view on what works are likely to be needed over the next few years. The landlord must take into account the desirability of having money in hand for major works against the potential financial hardship to tenants of early payments to the reserve fund. The question of hardship to the tenants, however, cuts both ways. Demanding money on account towards a reserve fund puts an immediate financial burden on tenants, but not building a sufficient reserve fund means that tenants may have to find large sums, often at short notice, to pay for major works, once they are completed.

20. Now, we accept that there may be cases where a landlord falls into obvious error in calculating reserve fund contributions on the basis of future works the cost of which is grossly exaggerated. There is, however, no evidence of that in this case.

21. We have not seen the specification for the 2018 works, so we cannot contrast it with that for the 2023 works. On the face of it, the 2023 works were carried out after the landlord had carried out a proper section 20 consultation. The landlord instructed the cheapest contractor to do the works. The landlord cannot in our judgment be faulted for basing its reserve fund demands on the basis of the figures from the 2022 consultation.

22. Likewise the earlier 2018 figures showed, as we have set out above, that there was a deficit on the reserve fund if the works were carried out immediately at that time, so the demand for £15,000 in 2018-19 was reasonable and indeed Ms Udwin did not argue the contrary. The increase to £25,000 in 2019-20 and then to £30,000 in 2020-21 was also justified by the need to have sufficient money in hand to carry out the works at the 2018 figure. By 2022-23 on its face the cost of the works had increased very dramatically, so that the figure of £30,000 needed to be continued.

23. In our judgment, the sums demanded by way of contribution to the reserve fund fall within the broad discretion given to the landlord. The tenant has not established that there were such defects in the 2022 consultation that the landlord could properly disregard them. The increases do not fall faul of the provision to avoid fluctuations in the amount of the service charge contained in the lease of Flat 2b.

24. Accordingly, we disallow nothing from the reserve fund demands.

Management fee

25. In each year, the landlord has charged a management fee of £4,200. This equates to £300 per flat (although the incidence on the applicants is different, because their percentage contributions differ).

26. A fee of £300 per flat is at the bottom of the range of management fees charged in Greater London. In itself, it is not a sum about which the tenants can reasonably complain.

27. The tenants say, however, that the management services have fallen below a reasonable standard. Ms Udwin points to problems of leaks which were not addressed. Her flat had its ceiling painted with the original nineteenth century decoration. There was a leak from the balcony of the flat above which the landlord, despite numerous complaints, failed to repair. This resulted in the ruin of the painting. Likewise the boiler room had a leak from the stairs above it. This was caused by a failure to ensure the tiled stairs were waterproof. The poor management was linked to the excessive churn of property managers for

the property with no fewer than six in the period with which we are concerned. There were repeated communications failings.

28. We find these complaints made out. Indeed over the years, the landlord has made offers voluntarily to give a rebate for the poor service, including an offer of £900. The tenants never accepted any offered reduction, so they never had the benefit of the proferred reduction.

29. As to remedy, Ms Udwin submits that a manager's duties are indivisible, so that, if any of these failings are made out, the whole of the manager's fees should be disallowed. We do not accept this. There are occasionally what are described as "whole contracts", where any significant breach disentitles the contractor to any payment. These are, however, rare, and a contract to provide management services is not one of them.

30. Accordingly, we stand back and consider what a reasonable reduction for the poor service might be. Here we have to bear in mind that the management fee is already at the bottom end of the range. In our judgment a reduction of £50 per flat per annum is appropriate. This equates to a total reduction of £700 each year in respect of management fees.

Costs

31. This leads to the question of costs. There are two elements of this. The first is the incidence of the fees payable to the Tribunal. The tenants here have had a very modest success. On the major item of the reserve fund they have lost completely. On the issue of management fees, they have fallen well short of their claim to have the management fees reduced to nil and the landlord had made voluntary offers. The dispute as to legal fees originally claimed by the landlord was abandoned before the matter came before us. In our judgment, the overall winner of this litigation is the respondent landlord. We therefore decline to make an order in respect of the fees payable to the Tribunal.

32. As regards section 20C of the 1985 Act, the position is similar. The Tribunal will not lightly interfere with a landlord's contractual rights. Since the landlord is the substantial winner, we decline to make a section 20C order.

DETERMINATION

(a) The Tribunal does not disallow any of the sums claimed by way of contributions to the reserve fund in the service charge years 2018-19 to 2025-26.
(b) The Tribunal disallows £700 in respect of the total amount claimed through the service charge account in respect of management fees in each of the service charge years 2018-19 to 2025-26.
(c) The Tribunal makes no order in respect of the fees payable to the Tribunal.

(d) The Tribunal refuses to make an order under section 20C of the Landlord and Tenant Act 1985.

Signed: Judge Adrian Jack **Dated: 13th July 2026**

SCHEDULE OF LEGISLATION

Landlord and Tenant Act 1985 (as amended)

Section 18

(1) 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.

(2) The relevant costs are the costs or estimated costs incurred or to be incurred by or on behalf of the landlord, or a superior landlord, in connection with the matters for which the service charge is payable.

(3) For this purpose -
- (a) “costs” includes overheads, and
- (b) costs are relevant costs in relation to a service charge whether they are incurred, or to be incurred, in the period for which the service charge is payable or in an earlier or later period.

Section 19

(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 provisions 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.

Section 27A

(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.

(2) Subsection (1) applies whether or not any payment has been made.

(3) An application may also be made to the appropriate tribunal for a determination whether, if costs were incurred for services, repairs, maintenance, improvements, insurance or management of any specified description, a service charge would be payable for the costs and, if it would, as to—
(a) the person by whom it would be payable,
(b) the person to whom it would be payable,
(c) the amount which would be payable,
(d) the date at or by which it would be payable, and
(e) the manner in which it would be payable.

(4) No application under subsection (1) or (3) may be made in respect of a matter which—
(a) has been agreed or admitted by the tenant,
(b) has been, or is to be, referred to arbitration pursuant to a post-dispute arbitration agreement to which the tenant is a party,
(c) has been the subject of determination by a court, or
(d) has been the subject of determination by an arbitral tribunal pursuant to a post-dispute arbitration agreement.

(5) But the tenant is not to be taken to have agreed or admitted any matter by reason only of having made any payment.

Section 20

(1) Where this section applies to any qualifying works or qualifying long term agreement, the relevant contributions of tenants are limited in accordance with subsection (6) or (7) (or both) unless the consultation requirements have been either—
(a) complied with in relation to the works or agreement, or
(b) dispensed with in relation to the works or agreement by (or on appeal from) the appropriate tribunal .

(2) In this section “relevant contribution”, in relation to a tenant and any works or agreement, is the amount which he may be required under the terms of his lease to contribute (by the payment of

service charges) to relevant costs incurred on carrying out the works or under the agreement.

(3) This section applies to qualifying works if relevant costs incurred on carrying out the works exceed an appropriate amount.

(4) The Secretary of State may by regulations provide that this section applies to a qualifying long term agreement—
   (a) if relevant costs incurred under the agreement exceed an appropriate amount, or
   (b) if relevant costs incurred under the agreement during a period prescribed by the regulations exceed an appropriate amount.

(5) An appropriate amount is an amount set by regulations made by the Secretary of State; and the regulations may make provision for either or both of the following to be an appropriate amount—
   (a) an amount prescribed by, or determined in accordance with, the regulations, and
   (b) an amount which results in the relevant contribution of any one or more tenants being an amount prescribed by, or determined in accordance with, the regulations.

(6) Where an appropriate amount is set by virtue of paragraph (a) of subsection (5), the amount of the relevant costs incurred on carrying out the works or under the agreement which may be taken into account in determining the relevant contributions of tenants is limited to the appropriate amount.

(7) Where an appropriate amount is set by virtue of paragraph (b) of that subsection, the amount of the relevant contribution of the tenant, or each of the tenants, whose relevant contribution would otherwise exceed the amount prescribed by, or determined in accordance with, the regulations is limited to the amount so prescribed or determined.]

Section 20B

(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.

Section 21B

(1) A demand for the payment of a service charge must be accompanied by a summary of the rights and obligations of tenants of dwellings in relation to service charges.

(2) The Secretary of State may make regulations prescribing requirements as to the form and content of such summaries of rights and obligations.

(3) A tenant may withhold payment of a service charge which has been demanded from him if subsection (1) is not complied with in relation to the demand.

(4) Where a tenant withholds a service charge under this section, any provisions of the lease relating to non-payment or late payment of service charges do not have effect in relation to the period for which he so withholds it.

(5) Regulations under subsection (2) may make different provision for different purposes.

(6) Regulations under subsection (2) shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

The Service Charges (Consultation Requirements) (England) Regulations 2003

REGULATION 2(1)

In these regulations… "relevant period', in relation to a notice, means the period of 30 days beginning with the date of the notice…

SCHEDULE 4 PART 2

CONSULTATION REQUIREMENTS FOR QUALIFYING WORKS FOR WHICH PUBLIC NOTICE IS NOT REQUIRED

Notice of intention

1.—(1) The landlord shall give notice in writing of his intention to carry out qualifying works—

(a) to each tenant; and

(b) where a recognised tenants' association represents some or all of the tenants, to the association.

(2) The notice shall—

(a) describe, in general terms, the works proposed to be carried out or specify the place and hours at which a description of the proposed works may be inspected;

(b) state the landlord's reasons for considering it necessary to carry out the proposed works;

(c) invite the making, in writing, of observations in relation to the proposed works; and

(d) specify—

(i) the address to which such observations may be sent;

(ii) that they must be delivered within the relevant period; and

(iii) the date on which the relevant period ends.

(3) The notice shall also invite each tenant and the association (if any) to propose, within the relevant period, the name of a person from whom the landlord should try to obtain an estimate for the carrying out of the proposed works.

Inspection of description of proposed works

2.—(1) Where a notice under paragraph 1 specifies a place and hours for inspection—

(a) the place and hours so specified must be reasonable; and

(b) a description of the proposed works must be available for inspection, free of charge, at that place and during those hours.

(2) If facilities to enable copies to be taken are not made available at the times at which the description may be inspected, the landlord shall provide to any tenant, on request and free of charge, a copy of the description.

Duty to have regard to observations in relation to proposed works

3. Where, within the relevant period, observations are made, in relation to the proposed works by any tenant or recognised tenants' association, the landlord shall have regard to those observations.

Estimates and response to observations

4.—(1) Where, within the relevant period, a nomination is made by a recognised tenants' association (whether or not a nomination is made by any tenant), the landlord shall try to obtain an estimate from the nominated person.

(2) Where, within the relevant period, a nomination is made by only one of the tenants (whether or not a nomination is made by a recognised tenants' association), the landlord shall try to obtain an estimate from the nominated person.

(3) Where, within the relevant period, a single nomination is made by more than one tenant (whether or not a nomination is made by a recognised tenants' association), the landlord shall try to obtain an estimate—

(a) from the person who received the most nominations; or

(b) if there is no such person, but two (or more) persons received the same number of nominations, being a number in excess of the nominations received by any other person, from one of those two (or more) persons; or

(c) in any other case, from any nominated person.

(4) Where, within the relevant period, more than one nomination is made by any tenant and more than one nomination is made by a recognised tenants' association, the landlord shall try to obtain an estimate—

(a) from at least one person nominated by a tenant; and

(b) from at least one person nominated by the association, other than a person from whom an estimate is sought as mentioned in paragraph (a).

(5) The landlord shall, in accordance with this sub-paragraph and sub-paragraphs (6) to (9)—

(a) obtain estimates for the carrying out of the proposed works;

(b) supply, free of charge, a statement ('the paragraph (b) statement') setting out—

(i) as regards at least two of the estimates, the amount specified in the estimate as the estimated cost of the proposed works; and

(ii) where the landlord has received observations to which (in accordance with paragraph 3) he is required to have regard, a summary of the observations and his response to them; and

(c) make all of the estimates available for inspection.

(6) At least one of the estimates must be that of a person wholly unconnected with the landlord.

(7) For the purpose of paragraph (6), it shall be assumed that there is a connection between a person and the landlord—

(a) where the landlord is a company, if the person is, or is to be, a director or manager of the company or is a close relative of any such director or manager;

(b) where the landlord is a company, and the person is a partner in a partnership, if any partner in that partnership is, or is to be, a director or manager of the company or is a close relative of any such director or manager;

(c) where both the landlord and the person are companies, if any director or manager of one company is, or is to be, a director or manager of the other company;

(d) where the person is a company, if the landlord is a director or manager of the company or is a close relative of any such director or manager; or

(e) where the person is a company and the landlord is a partner in a partnership, if any partner in that partnership is a director or manager of the company or is a close relative of any such director or manager.

(8) Where the landlord has obtained an estimate from a nominated person, that estimate must be one of those to which the paragraph (b) statement relates.

(9) The paragraph (b) statement shall be supplied to, and the estimates made available for inspection by—

(a) each tenant; and

(b) the secretary of the recognised tenants’ association (if any).

(10) The landlord shall, by notice in writing to each tenant and the association (if any)—

(a) specify the place and hours at which the estimates may be inspected;

(b) invite the making, in writing, of observations in relation to those estimates;

(c) specify—

(i) the address to which such observations may be sent;

(ii) that they must be delivered within the relevant period; and

(iii) the date on which the relevant period ends.

(11) Paragraph 2 shall apply to estimates made available for inspection under this paragraph as it applies to a description of proposed works made available for inspection under that paragraph.

Duty to have regard to observations in relation to estimates

5. Where, within the relevant period, observations are made in relation to the estimates by a recognised tenants' association or, as the case may be, any tenant, the landlord shall have regard to those observations.

Duty on entering into contract

6.—(1) Subject to sub-paragraph (2), where the landlord enters into a contract for the carrying out of qualifying works, he shall, within 21 days of entering into the contract, by notice in writing to each tenant and the recognised tenants' association (if any)—

(a) state his reasons for awarding the contract or specify the place and hours at which a statement of those reasons may be inspected; and

(b) there he received observations to which (in accordance with paragraph 5) he was required to have regard, summarise the observations and set out his response to them.

(2) The requirements of sub-paragraph (1) do not apply where the person with whom the contract is made is a nominated person or submitted the lowest estimate.

(3) Paragraph 2 shall apply to a statement made available for inspection under this paragraph as it applies to a description of proposed works made available for inspection under that paragraph.