FIRST-TIER TRIBUNAL
PROPERTY CHAMBER (RESIDENTIAL PROPERTY)

Case reference	:	**LON/00BG/LSC/2025/1085**
Property	:	**Flat 1 Percy Harris House, 30 Barnet Grove, London, E2 6DB**
Applicant	:	**Simone Ambrogio**
Representative	:	**N/A**
Respondent	:	**Gateway Housing Association Limited**
Representative	:	**n/a**
Type of application	:	**An application under section 27A Landlord and Tenant Act 1985**
Tribunal members	:	**Judge N O'Brien Judge M Himsworth Ms M Bygrave MRICS**
Date of determination	:	**3 June 2026**

DECISION

Decisions of the tribunal

(1) The tribunal determines that the sums set out in the actual service charge account for the year 1 January 2024 to 31 December 2024 are reasonable and payable by the applicant.

(2) The tribunal determines the recoverable estimated service charges for the year 1 April 2025 to 31 March 2026 in paragraph 20 below.

(3) The tribunal makes an order under section 20C of the Landlord and Tenant Act 1985 and under paragraph 5A of Schedule 11 of the Commonhold and Leasehold Reform Act 2002 so that none of the

Respondent's costs of the tribunal proceedings may be passed to the Applicant through any service charge or as an administration charge.

(4) The tribunal determines that the Respondent shall pay the Applicant £341 within 28 days of this Decision, as reimbursement of the tribunal fees he has paid.

The application

1. The Applicant has sought a determination pursuant to section 27A of the Landlord and Tenant Act 1985 ("the 1985 Act") as to the amount of service charges payable by him in respect of the service charge years 2024/2025 and 2025/2026.

The hearing

2. The Applicant appeared in person at the hearing, and the Respondent was represented by its Operations Manager Mr Michael Haile.

3. The initial directions required the Respondent to prepare an agreed bundle for the hearing. Unfortunately the bundle prepared by the Respondent was not agreed and did not include crucial documentation such as the application, the lease, the Applicant's statements of case or the parties' completed schedules of disputed charges. The Applicant then helpfully prepared served and filed an indexed and paginated electronic bundle running to 342 pages which fully complied with the tribunal's directions, which was the bundle the tribunal used in the course of the hearing.

The background

4. The property which is the subject of this application is a two-bedroom ground floor flat in a three-storey block consisting of 6 flats. The block has one communal entrance leading onto Barnet Grove and has a gated car park to the side with a bin storage area.

5. Neither party requested an inspection and the tribunal did not consider that one was necessary, nor would it have been proportionate to the issues in dispute.

The issues

6. In his application the Applicant initially challenged the service charge demands based on the budgeted figures for the years 2024/2025 and 2025/2026. In the course of the proceedings the Respondent served the service charge account for the year 1 January 2024 to 31 December 2024. The service charge year under the terms of the Applicant's lease runs

from 1 January to 31 December. However it is the Respondent's practice to calculate the monthly service charge demands based on the estimated figures for the period 1 April to 31 March of each year.

7. On 4 March 2026 Judge Foskett directed that the tribunal would consider the actual figures for 2024/2025 and the budgeted figures for 2025/2026 and required the parties to prepare for the hearing on that basis. She gave standard directions to prepare for the hearing, including the exchange of completed Scott schedules for both of the disputed years. Pursuant to those directions the Applicant subsequently served an amended statement of case with a Scott schedule which again sought to challenge the budgeted figures for 2024.

8. As stated above initially the Applicant challenged the service charge demands which were based on the estimated expenditure for the year 1 April 2024 to 30 March 2025 and 1 April 2025 to 30 March 2026. The demands were challenged essentially on the basis that they had increased dramatically from the demands issued in prior years and because he was concerned that the Respondent had repeatedly failed to supply him with information he had requested to show how the demands had been calculated. In particular he stated that the Respondent had failed to comply with s21(1) of the Landlord and Tenant Act 1985 in that he had not been supplied with a written summary of the relevant costs. In his application he noted that the sum demanded for the year 2024 was £2,292.85, representing a 113% increase on the sum demanded for the year 2023. The sum demanded in respect of the year 2025 was £2,367, representing an increase of 88% compared with 2023.

9. The Applicant's position as set out in his amended statement of case and Scott schedule dated 18 March 2026 is that the sum payable by him in respect of the actual service charges for 2024 and the estimated service charges for 2025/2026 should be nil. His grounds were as follows;

(i) He had made a formal request for a summary of relevant costs for the years 2024 and 2025 in March 2025 pursuant to section 21 of the Landlord and Tenant Act 1985 which the Respondent had failed to comply with.
(ii) The Respondent had failed to comply fully with the tribunal's directions for disclosure of the underlying invoices and had not produced certified accounts. In particular he noted that he had been supplied with a 'data dump' of invoices relating to the year 2024 in a zip file sent to him on 3rd February 2026. A further zip file of invoices for the year 2023 was sent to him on 10 March 2026. The Applicant noted that many of the invoices sent to him related to different years and related to multiple properties across the Respondent's portfolio.
(iii) The year-on-year increases were unreasonable.
(iv) The service charge account for the period 1 January 2024 to 31 December 2024 does not contain a statement from an accountant

stating that it was a 'fair summary' complying with the requirements of section 21(5) of the 1985 Act, nor was it a proper audit of the underlying figures.

(v) Because the figures in the demands for 2024 and 2025 were incapable of verification he considered that no sums could reasonably be payable under s.19(2) of the 1985 Act.

10. At the start of the hearing the tribunal and the parties identified the relevant issues for determination as follows:

(i) The payability and/or reasonableness of the actual service charges as shown on the service charge final accounts covering the year 1 January 2024 to 31 December 2024 totalling £1427.67.

(ii) The payability and reasonableness of the estimated service charges for the period 1 April 2025 to 30 March 2026.

Legal Framework

11. The tribunal's statutory power to determine variable service charges is contained in sections 18-30 of the 1985 Act. 'Service charge' is defined in section 18 of the 1985 Act as 'an amount which is payable directly or indirectly for services repairs maintenance improvements or insurance or the landlords costs of management, the whole or part of which varies or may vary according to the relevant costs'. Section 19(1) provides that a service charge is only payable insofar as it is reasonably incurred and the services or works to which it relates are of a reasonable standard. Section 19(2) provides that where a service charge is payable before a relevant cost is incurred, no greater amount is payable than is reasonable.

12. Section 27A of the 1985 Act gives the tribunal jurisdiction to determine by whom to whom service charges are payable, and in what amount.

13. Disputed facts are decided on the balance of probabilities. The legal burden of proof lies on the party who requires the assistance of the tribunal i.e. if it is the tenant who asserts he has overpaid, it lies on the tenant; if it is the landlord seeking payment, it lies on the landlord. If the tenant is challenging the reasonableness of a service charge he or she must firstly properly identify the challenge in his or her pleadings and secondly provide some evidence that the charges he or she wishes to challenge are unreasonable. If the tribunal is satisfied that there is some credible evidence which, if unchallenged, would support a finding that the charge was unreasonable, the burden of proof will move to the landlord to show that the sums claimed are in fact reasonable; S*ee Spender v FIT Nominee Ltd [2025] EWCA 1578 at paras 79, 89.*

14. The Applicant is the leasehold owner of the premises pursuant to a lease which commenced on 18 May 1990 for an initial term of 99 years, which was extended by deed of surrender and regrant dated 13 April 2017 between the Applicant's predecessor in title and the present Respondent. The service charge provisions are set out in Clause 7 (1) to 7(7) of the original lease. It is common ground between the parties that the sums demanded by the Respondent are in respect of costs which in principle are recoverable from the Applicant as a service charge pursuant to the service charge provisions of the Applicant's lease. It is common ground that the lease permits the Respondent to demand payments on account based on estimated costs. Additionally the Applicant did not seek to argue that any of the underlying costs were unreasonably incurred.

15. Having heard evidence and submissions from the parties and considered all of the documents provided, the tribunal has made determinations in respect of the various issues as follows.

<u>Service Charges 2024</u>

16. The Applicant challenges the following items shown on the service charge account for the year 2024. The below sums do not correlate to the sums set out in the Applicant's Scott schedule which are based on the budgeted figures. These are included below for ease of reference. They are included for the purposes of comparison only; they do not relate to the same period.

Item	Actual 2024 (Flat 1)	Budgeted 24/25
Sinking Fund	£383.28	£383.28
Insurance	£147.70	£264.60
Management Fee/Audit fees	£281.53	£52.28
Cleaning	£188.50	£759
Gardening	£98	£97.32
Lighting	£172	£8.76
Block Repairs	nil	£99.48
Responsive Repairs	£15.99	£603.72
Block Sundry	nil	£14.04

17. The tribunal determines that the actual sums demanded in respect of the year 1 January 2024 to 31 December 2024 totalling £1,437 are reasonable and payable. The assertion that nil should be payable on the grounds that the Respondent has not complied with section 21(1) of the 1985 Act is misconceived; a failure to comply with that section may be a criminal offence by virtue of section 25 of the 1985 Act but that is not a matter over which this tribunal has jurisdiction and in any event section 25 does not apply to registered providers of social housing such as the Respondent. We note that the statement of account provided to the Applicant on 19 January 2026 does not contain a statement to the effect that it is a fair summary of the incurred costs, however it was produced by a regulated accountancy practice and expressly states that it was compiled in accordance with *Residential Service Charge Accounts: Guidance on Accounting and Reporting in Relation to Service Charge Accounts for Residential Properties on which variable service charges are paid in accordance with a lease or tenancy agreement*: ICAEW, 2011 (Technical Release 03/11). As is common practice, the accountants did not carry out a full audit of the underlying costs however they selected a sample of 5 transactions relating to the 5 highest expense categories and confirmed that they were supported by documentation and correctly recorded in the Respondent's accounting records. We do not consider that the Applicant has established that the figures in the final accounts are not accurate.

18. The sums demanded in respect of the actual costs are in our view unremarkable for a block of this size, and the total sum demanded for the year is modest. The Applicant has not supplied us with any comparable quotes to indicate the sums sought are not reasonable in amount. He has not shown that the underlying costs were not in fact incurred by the Respondent and consequently not payable by him. It is notable however that there is a striking difference between the actual costs and the budgeted costs, particularly as regards cleaning, and responsive repairs.

<u>Estimated Charges April 2025-March 2026</u>

19. The estimated charges for this period have been subject to a number of revisions by the Respondent. The final figures were set out in a letter to the Applicant dated 11 April 2025 which is included in the Applicant's bundle at page 328. The figures below differ to the figures set out in the Applicant's amended Scott schedule dated 18 May 2026 which were based on an earlier version of the budget. We have based our determination on the version of the budgeted figures sent to the Applicant in April 2025. The below figures are budgeted figures for the period 1 April 2025 to 31 March 2026;

Item	Budgeted costs (Flat 1)
Sinking Fund	£393.60

Insurance	£210
Management Fee/Audit fees	£215.52
Cleaning	£506.16
Gardening	£50.52
Lighting	£4.68
Block Repairs	£188.64
Responsive Repairs	£450.60
Block Sundry	£15

<u>The tribunal's decision</u>

20. In the course of the hearing Mr Haile was asked why the budgeted costs for cleaning was so much higher than the actual costs for 2024. He was unable to answer but accepted the suggestion that unless there was good reason for the budgeted cost to significantly exceed the actual cost for the previous year, a sum equal to the actual costs uplifted for annual inflation plus 1% would be reasonable. He considered that it was difficult to accurately estimate the cost of responsive repairs in advance. We accept that it is difficult to estimate what the likely cost of responsive repairs might be but given that they were nil for the previous year we consider that £450 is too high. We have adjusted the sum recoverable in respect of block cleaning to £200 and the sum recoverable for responsive repairs to £150. The remaining charges are reasonable as budgeted figures and we make no adjustment.

<u>Application under s.20C and refund of fees</u>

21. In his amended statement of case, the Applicant sought the following orders

(i) A refund of fees of £314

(ii) Orders under s20C of the 1985 Act and paragraph 5A of Schedule 11 to the 2002 Act limiting the Respondent's ability to recover the costs of these proceedings as a service charge or administration charge.

(iii) Costs under Rule 13(2) of the Tribunal Procedure (First tier Tribunal)(Property Chamber) Rules 2013 on the basis of the Respondent's unreasonable conduct.

22. In our view there has been a lot of unnecessary confusion in this case arising principally from the striking and unexplained variation between the estimated service charges for 2024/2025 and the actual service charges for 2024 which cannot be explained by the fact that they relate to slightly different periods. We were not surprised that the Applicant was taken aback by a 113% increase in his estimated charges for 2024/2025, a significant increase which in the event was not justified by the actual charges. The Respondent has never attempted to explain to why the budgeted figures was so much higher than the actual costs. Furthermore the actual costs were not made available until January 2026, which was some time after this application was sent to the tribunal.

23. We do not consider that the Respondent's conduct has been unreasonable such that it would merit an order under Rule 13(2). However for the reasons set out in paragraph 22 above we consider that it is just and reasonable to make the orders under section 20C of the 1985 Act and paragraph 5A of Schedule 11 to the 2002 Act and it is reasonable to require the Respondent to reimburse the Applicant in respect of the tribunal fees which he has paid.

Addendum

23. On 13 May 2026 it came to the attention of the Chair that between hearing the application and writing up the determination of the panel, she had accepted instructions to act for the Respondent in an unrelated matter in the county court which had been listed on 8 May 2026. This was due to oversight on her part. The parties were notified of her potential conflict of interest by email sent 19 May 2026 and were asked whether they were still content for Judge O'Brien to draft the tribunal's decision. Both the Applicant and the Respondent confirmed by email sent the following day that they were content for Judge O'Brien to draft and issue the tribunal's determination. Judge O'Brien considered whether she should recuse herself from any further involvement in this case and concluded that it was not necessary.

Name: Judge N O'Brien **Date:** 3 June 2026

Rights of appeal

By rule 36(2) of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013, the tribunal is required to notify the parties about any right of appeal they may have.

If a party wishes to appeal 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.

If the tribunal refuses to grant permission to appeal, a further application for permission may be made to the Upper Tribunal (Lands Chamber).