FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Case reference	**:**	**LON/00BK/LDC/2025/0822**
Property	**:**	**Various Flats at Beaumont Court, 38-40 Beaumont Court, London, W1G 6DL**
Applicant	**:**	**Portland Industrial Dwelling Company Limited**
Representative	**:**	**Mr Loveday (Counsel)**
Respondents	**:**	**The leaseholders of Beaumont Court, 38-40 Beaumont Court, London, W1G 6DL**
Representative	**:**	**Mr Moys (Counsel)**
Type of application	**:**	**Applications under sections 20ZA and 27A of the Landlord and Tenant Act 1985**
Tribunal	**:**	**Judge Tueje** **Mr J.A. Naylor FRICS**
Venue	**:**	**10 Alfred Place, London, WC1E 7LR**
Date of hearing	**:**	**3rd June 2026**
Date of decision	**:**	**30th July 2026**

DECISION

In this determination, statutory references relate to the Landlord and Tenant Act 1985 unless otherwise stated.

Decision of the Tribunal

(1) The applicant has complied with the section 20 consultation requirements in respect of the external redecoration and refurbishment works ("the External Works").

(2) To the extent a determination under section 20ZA is required, we find it would be appropriate to grant unconditional dispensation from the requirements of section 20 in respect of the External Works that cost £307,012.11 including VAT.

(3) The service charges in respect of the cost of the External Works are reasonable.

The Background

1. These proceedings relate to applications under sections 20ZA and 27A which are dated 10th July 2025 and 5th December 2025 respectively. The works that were the subject matter of the applications are the External Works only, not the cost of asbestos removal or internal redecoration.

2. The applications are brought by the freeholder, Portland Industrial Dwelling Company Limited.

3. The External Works relate to the premises situated at 38-40 Beaumont Court, London, W1G 6DL comprising a block consisting of 23 flats ("the Block").

4. The respondents are the long leaseholders of flats within the Block. The respondents who oppose the applications in these proceedings are Mr Zulfikar Remtulla Jetha and Mrs Shelina Zulfikar Jetha who are joint leaseholders of Flats 5, 14, 16, 17, 24 Beaumont Court, and who both gave evidence at the Tribunal hearing. Their sons, Mr Aly Zulfikar Jetha owns Flats 7, 10 and 21, and Mr Irfhan Zulfikar Jetha owns Flat 15. They both provided witness statements, but did not attend or give evidence at the final hearing.

5. Unless otherwise stated, references to Mr Jetha relate to Mr Zulfikar Remtulla Jetha.

6. Until 2018 Mr Jetha had been the head lessee of the Block for around 20 years until the leaseholders exercised the right of enfranchisement.

7. The Block was managed by Preside until 2022 when Savills took over management. Mr James Ingles, a chartered building surveyor, is Savills' Director of Building and Project Consultancy. Ms Kedrak is an Associate Director Residential Property Manager, it was part of her role to supervise Ms Pawliszyn until she left Savills in April 2025. Mr Ingles and Ms Kedrak both gave evidence on behalf of the applicant.

8. The leases of the flats all seem to contain substantially the same terms. In particular, except for Flat 10, the leases we have been provided with have a clause which reads:

"That any notice hereby required or authorised to be given to the Landlord or the Tenant respectively shall be in writing and may be given in any of the modes provided by Section 196 of the Law of Property Act 1925 with respect to Notices to be given to Landlords or Tenants (as the case may be) under that Act"

9. Only alternate pages of the lease for Flat 10 have been provided which do not contain the above clause. However, we will proceed on the basis that the clause is contained on the missing pages because the respondents do not dispute that the leases make provision for the service of notices with reference to section 196.

10. Between them, the Jetha family are the leaseholders of nine properties in the Block, in addition to other properties they own. Except that Mr Aly Jetha resides at Flat 7 Beaumont Court, they do not live at any of the flats they own at the Block; these are let on residential tenancies.

The Tribunal's Approach

11. We have reached our decision taking into account the legal framework, and after considering the oral and written evidence, including documents referred to in that evidence, and our assessment of the evidence.

12. This determination does not refer to every matter raised by the parties, or every document the Tribunal reviewed or took into account in reaching its decision. However, this doesn't imply that any points raised or documents not specifically mentioned were disregarded. If a point or document was referred to in the evidence or submissions that was relevant to a specific issue, it was considered by the Tribunal.

13. The legal framework, the parties' evidence and submissions are set out below, together with our decisions and reasons for our decisions.

The Legal Framework for Consultation and Dispensation

14. So far as is relevant, section 20 states:

(1) Where this section applies to any qualifying works or qualifying long term agreement, the relevant contributions of tenants are limited in accordance with subsections (6) or (7) (or both) unless the consultation have been either-

(a) Complied with in relation to the works or agreement, or
(b) Except in the case of works to which section 20D applies, 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 payment of service charges) to relevant costs incurred on carrying out the works under the agreement.

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

15. Section 20ZA(1) reads:

Where an application is made to the appropriate tribunal for a determination to dispense with all or any of the consultation requirements in relation to any qualifying works or qualifying agreement, the tribunal may make the determination if satisfied that it is reasonable to dispense with the requirements.

16. Paragraph 1 of part 2 to schedule 4 of the 2023 Regulations states:

(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.

17. As to section 196(3) of the Law of Property Act 1925, it reads:

(3) Any notice required or authorised by this Act to be served shall be sufficiently served if it is left at the last-known place of abode or business in the United Kingdom of the lessee, lessor, mortgagee, mortgagor, or other person to be served, or, in case of a notice required or authorised to be served on a lessee or mortgagor, is affixed or left for him on the land or any house or building comprised in the lease or mortgage, or, in case of a mining lease, is left for the lessee at the office or counting-house of the mine.

18. Section 196(5) of the 1925 Act continues:

(5) The provisions of this section shall extend to notices required to be served by any instrument affecting property executed or coming into operation after the commencement of this Act unless a contrary intention appears.

19. Section 7 of the Interpretation Act 1978 reads:

Where an Act authorises or requires any document to be served by post (whether the expression "serve" or the expression "give" or "send" or any other expression is used) then, unless the contrary intention appears, the service is deemed to be effected by properly addressing, pre-paying and posting a letter containing the document and, unless the contrary is proved, to have been effected at the time at which the letter would be delivered in the ordinary course of post.

20. In Daejan Investments Limited v Benson and others [2013] UKSC 14 the Supreme Court provided the following guidance when dealing with section 20ZA applications for dispensation of the statutory consultation requirements:

The correct approach to prejudice to the tenants

65. Where a landlord has failed to comply with the requirements, there may often be a dispute as to whether, and if so to what extent, the tenants would relevantly suffer if an unconditional dispensation was accorded. (I add the word "relevantly", because the tenants can always contend that they will suffer a disadvantage if a dispensation is accorded; however, as explained above, the only disadvantage of which they could legitimately complain is one which they would not have suffered if the requirements had been fully complied with, but which they will suffer if an unconditional dispensation were granted.)

66. It was suggested by Mr Rainey and Mr Fieldsend that the determination of such a question would often involve a very difficult exercise (or "an invidious exercise in speculation" as Gross LJ [2011] 1 WLR 2330 , para 73 put it in the Court of Appeal) and would frequently be unfair on the tenants. It may occasionally involve a difficult exercise, *but the fact that an assessment is difficult has never been regarded as a valid reason for the court refusing to carry it out (although in some cases disproportionality may be a good reason for such a refusal). While each case must, inevitably, be decided on its particular facts, I do not think that many cases should give rise to great difficulties.*

67. As to the contention that my conclusion would place an unfair burden on tenants where the LVT is considering prejudice, it is true that, while the legal burden of proof would be, and would remain throughout, on the landlord, the factual burden of identifying some relevant prejudice that they would or might have suffered would be on the tenants. However, given that the landlord will have failed to comply with the requirements, the landlord can scarcely complain if the LVT views the tenants' arguments sympathetically, for instance by resolving in their favour any doubts as to whether the works would have cost less (or, for instance, that some of the works would not have been carried out or would have been carried out in a different way), if the tenants had been given a proper opportunity to make their points. As Lord Sumption JSC said during the argument, if the tenants show that, because of the landlord's non-compliance with the requirements, they were unable to make a reasonable point which, if adopted, would have been likely to have reduced the costs of the works or to have resulted in some other advantage, the LVT would be likely to proceed on the assumption that the point would have been accepted by the landlord. Further, the more egregious the landlord's failure, the more readily an LVT would be likely to accept that the tenants had suffered prejudice.

68. The LVT should be sympathetic to the tenants not merely because the landlord is in default of its statutory duty to the tenants, and the LVT is deciding whether to grant the landlord a dispensation. Such an approach is also justified because the LVT is having to undertake the exercise of reconstructing what would have happened, and it is because of the landlord's failure to comply with its duty to the tenants that it is having to do so. For the same reasons, the LVT should not be too ready to deprive the tenants of the costs of investigating relevant prejudice, or seeking to establish that they would suffer such prejudice. This does not mean that LVT should uncritically accept any suggested prejudice, however far-fetched, or that the tenants and their advisers should have carte blanche as to recovering their costs of investigating, or seeking to establish, prejudice. But, once the tenants have shown a credible case for prejudice, the LVT should look to the landlord to rebut it. And, save where the expenditure is self-evidently unreasonable, it would be for the landlord to show that any costs incurred by the tenants were unreasonably incurred before it could avoid being required to repay as a term of dispensing with the requirements.

69. Apart from the fact that the LVT should be sympathetic to any points they may raise, it is worth remembering that the tenants' complaint will normally be, as in this case, that they were not given the requisite opportunity to make representations about proposed works *to the landlord. Accordingly, it does not appear onerous to suggest that the tenants have an obligation to identify what they would have said, given that their complaint is that they have been deprived of the opportunity to say it. Indeed, in most cases, they will be better off, as, knowing how the works have progressed, they will have the added benefit of wisdom of hindsight to assist them before the LVT, and they are likely to have their costs of consulting a surveyor and/or solicitor paid by the landlord.*

Overview of the analysis so far

70. Before turning to the disposition of this appeal, it is worth considering the effect of the conclusions I have reached so far.

71. If a landlord fails to comply with the requirements in connection with qualifying works, then it must get a dispensation under section 20(1)(b) if it is to recover service charges in respect of those works in a sum greater than the statutory minimum. In so far as the tenants will suffer relevant prejudice as a result of the landlord's failure, the LVT should, at least in the absence of some good reason to the contrary, effectively require the landlord to reduce the amount claimed as service charges to compensate the tenants fully for that prejudice. That outcome seems fair on the face of it, as the tenants will be in the same position as if the requirements have been satisfied, and they will not be getting something of a windfall.

The Parties' Positions on Consultation

21. The issue regarding alleged non-compliance with section 20 in this case is whether the applicant gave notice in writing to the respondents in accordance with schedule 4 of the Service Charges (Consultation Requirements) (England) Regulations 2023. Specifically, it is whether the applicant gave the respondents the notice of intention dated 1st July 2022. That is the only notice the respondents state in their witness statements that they did not receive. In her oral evidence Mrs Jetha confirmed receipt of the statement of estimates dated 10th August 2022. Although Mr Moys's skeleton argument states Mr and Mrs Jetha contend stages 2, 3 and 4 of the statutory consultation were not complied with, they do not deal with this in their written evidence, nor have any or any sufficient particulars of the alleged non-compliance been provided.

22. The applicant relies on the written and oral evidence of Ms Kedrak who states that Ms Pawliszyn prepared the section 20 notices dated 1st July 2022, Ms Kedrak reviewed them before Ms Pawliszyn sent them by first class post to the subject property addresses, and by e-mail to the Jetha family leaseholders. Ms Kedrak exhibits to her witness statement notices of intention dated 1st July 2022 bearing the names of the Jetha family, with the addresses of their various flats within the Block, to which it's stated the notices were sent. A copy of the e-mail to which the notices were attached is also exhibited. The notices in respect of Flats 5, 14, 16, 17, and 24 are joint notices showing the names of both Mr and Mrs Jetha.

23. Ms Kedrak's oral evidence is that the notices were sent to the flats because that would have been the address for service that the previous managing agent provided. She also stated that although Savills did not verify these addresses themselves, it periodically asks leaseholders to confirm or update their personal information.

24. Ms Kedrak also states that the statement of estimates were sent to the respondents, and she exhibits the statements of estimates. Except that statements of estimates were sent to Flats 10 and 21, the statements of estimates were sent to the respondents' respective residential addresses (including Flat 7 in Mr Aly Jetha's case).

25. In his opening written submissions, Mr Loveday sets out the applicant's legal position as follows:

There are no specific statutory provisions relating to how notices should be 'given' or 'provided'. But the Flat leases specifically incorporate s.196 LPA 1925: see, for example clause 5.3 of the lease of Flat 5 [p.24]. It follows that A may rely on s.196 LPA 1925 and on s.7 Interpretation Act 1978: Service Charges & Management (5th Ed) at 11-42. Section 196(3) LPA 1925 states that service is effective "if left" (1) at the recipient's "last known place of abode or business" or (2) on "the land ... comprised in the lease". 'Leaving' a notice, for the purposes of s.196(3) LPA 1925, includes posting it to the relevant premises by ordinary post: per Neuberger J in Kinch v Bullard [1999] 1 WLR 423 at p.426-H to 427A. Section 196(3) LPA 1925 provides for service, even if the notice never comes to the attention of the recipient. Section 7 of the 1978 Act further provides for deemed service by ordinary post.

26. Mr and Mrs Jetha's written and oral evidence is that they did not receive the notices of intention. Mr Jetha stated that he deals with correspondence sent to their home address but does not collect post from the flats within the Block, as post is not supposed to be sent there. Although he accepted in oral evidence that he has no system for organising documents relating to his property portfolio and other business interests, he remained adamant that he had not received the notices. His evidence was that, had he received them, he would have retained them; as he cannot locate them, he concludes that they were never received. He also stated that he did not receive the notices by email. In any event, Mr and Mrs Jetha do not accept service by email.

27. The respondents' case is that the notices of intention were neither properly served nor received. They contend that the notices should have been sent to the Chester Terrace address, which had been provided to the applicant for service. They point out that the applicant knew they did not reside at the flats and routinely sent other correspondence, including service charge demands, to Chester Terrace. They therefore rely on an established course of dealing under which notices were sent to that address.

28. In the hearing bundle (at page 670) is an e-mail from Mrs Jetha, sent to Savills on 12th August 2022, which reads:

"I am in receipt of notice of intention to carry out works.

It is however, not clear at the exact nature of works.

Please email as a notice there is a design element to this and also how disruptive these works will be."

29. In her oral evidence Mrs Jetha stated that her e-mail sent on 12th August 2022 was regarding the statements of estimates.

30. Mr Moys's legal submissions on service were very brief, and were essentially limited to stating that he relied on the case of Khan v D'Aubigny [2025] 2 W.L.R 991, but otherwise did not dispute Mr Loveday's legal submissions.

31. Although Mr Moys did not expressly say so, it seems the relevance of the respondents' reliance on Khan is that because the 2023 Regulations require written notice to be given, but makes no reference to postal service, neither authorises nor requires service by post, section 7 of the 1978 Act therefore does not apply to the statutory consultation provisions.

The Tribunal's Decision

32. The applicant has complied with the section 20 consultation requirements in respect of the External Works.

The Tribunal's Reasons

33. Having heard direct evidence from the applicant, and seeing the e-mail sent on 1st July 2022 attaching the notices, we find it is more likely than not that the respondents were given the notices of intention e-mailed on 1st July 2022 as required by schedule 4 of the 2023 Regulations. The e-mail shows the notices were attached and sent to the respondents, and we have no reason to doubt they would have received the e-mail. In fact, Mrs Jetha's e-mail sent on 12th August 2022, which refers to receiving the notice of intention, is evidence supporting that the notices were both sent and received. We consider this supports our conclusion that all respondents are likely to have received the notices, we do not consider the hearsay evidence Mr A Jetha and Mr I Jetha undermines that conclusion in light of the applicant's direct evidence and corroborating 1st July 2022 e-mail.

34. We note that Mrs. Jetha is the joint leaseholder together with Mr Jetha. Therefore, receipt by her is sufficient.

35. We do not accept Mrs. Jetha's evidence that her 12th August 2022 e-mail was sent in response to the statement of estimates. The statement of

estimates are dated 10th August, 2022, and her email is sent, just two days afterwards, which timing is supportive of her account. However, the reasons why we do not consider that her email referred to the statement of estimates are twofold. Firstly, the email itself expressly refers to, receiving the notice of intention, and not the statement of estimates. Secondly, Mrs. Jetha, as well as her husband, are experienced, professional, property owners with a substantial property portfolio, and Mrs Jetha has knowledge of the statutory consultation process. We consider it is more likely than not that when Mrs. Jetha referred to, a notice of intention she can be taken to mean the words used in the contemporaneous correspondence. Thirdly, if she were responding to the statement of estimates, we note she has failed to mention not receiving the notices of intention. Taken together, we consider this satisfies us that she did in fact receive the notice of intention.

36. In which case, the notices were given for the purposes of section 20.

37. We also accept Ms Kedrak's evidence regarding the notices being posted to the Flats, which according to Kinch is akin to leaving them at the property. Although she did not personally post them, she supervised Ms Pawliszyn in serving notices, copies of the notices have been provided, and the respondents are not in a position to contest whether the notices were sent. It means even though the respondents challenge receipt of the notices, by complying with section 196(3) the notices have been properly served irrespective of whether they came to the respondents' attention.

38. We also accept Ms Kedrak's evidence that the applicant sent the notices to the subject property addresses because that is the address Preside had given them for service. We note that is consistent with the express terms of the lease providing for the service of notices at the property addresses. Therefore, we do not consider there was a course of dealing whereby notices were sent to the Chester Terrace address, even if some notices were sent there; according to Ms Kedrak, Preside used the subject property addresses for service.

39. It means that even if the Jetha family didn't accept service by e-mail, the notices had been served by post in accordance with the express provisions of the lease.

40. We therefore find that the statutory consultation requirements were met.

41. Nonetheless, we have been asked to consider whether we would grant dispensation irrespective of our decision on compliance, and our decision on this is set out below.

The Parties' Positions on Dispensation

42. Following a report of water ingress into the Block, on 27th April 2022, from the ground Mr Ingles inspected the outside of the Block and the roof. He states that as a result of that inspection he considered repairs to

the roof were required, the windows were in a poor condition and there were issues with the stonework and pointing. A thermographic survey confirmed defects to the roof covering, which were supported by blistering visible on inspection. Mr Ingles' view was that no external works or redecoration had been carried out for some time. He was also concerned that defects to the lead work and/or rainwater goods may have caused or contributed to the reported water ingress.

43. Therefore, he concluded a substantial external redecoration and refurbishment programme was required, prepared a specification of works, and put the works out to competitive tender to three Savills-approved contractors.

44. They submitted tenders, which were amended following a tender analysis process, with the following results:

Crestel	£211,215.00
CBS	£212,465.00
Harvek	£235,807.00

45. Crestel Projects Limited, which provided the lowest tender, was selected to undertake the external works with Mr Ingles acting as the contract administrator for the project. According to his evidence, in that role he held fortnightly on-site meetings (minutes of these meetings are in the hearing bundle), inspected the site every 4 weeks to monitor and value the progress of works, issued interim certificates less the agreed retention, prepared a snagging list around two weeks before the end of the works, and issued a Practical Completion Certificate dated 21st July 2023 after satisfying himself that the works had been completed to an acceptable standard. The total cost of the works was £307,012.11.

46. The applicant relied on around 1500 photographs of the project which were accessible electronically, although around 36 photographs, taken before, at various stages during, and after the works, were printed and provided to the Tribunal. Mr Ingles identified some of the photographs taken before the works began which showed external disrepair, and some taken after the scaffolding had been erected, and some following completion of the External Works.

47. In his oral evidence Mr Ingles dealt with the quotations obtained by the respondents (see paragraphs 64 to 72 below). He stated the Crestel and Stone Edge quotations were not like-for-like. He stated the latter was incomplete, in particular, certain provisional sums were omitted or reduced, which would reduce the amount quoted. He added that the Stone Edge quotation had not been scrutinised by a tender analysis procees, which he considers to be an important part of the tender process to ensure consistency between the firms submitting a tender, and that they have a proper understanding of the project's requirements.

48. The respondents challenge the application for dispensation for three broad reasons:

48.1 The External Works were not required;
48.2 Having been denied the opportunity to nominate Stone Edge, the cost of the External Works was excessive; and
48.3 The External Works were not carried out to a reasonable standard.

49. In their written and oral evidence, Mr and Mrs Jetha dispute the External Works were required, stating that prior to the External Works being carried out the building was in a good state of repair and they were not aware of any water ingress. During cross examination Mr Jetha stated that external redecoration should be carried out every five years, and accepted that during the 20-year period that he was head lessee none were carried out.

50. Mrs Jetha obtained two quotations for the External Works from LEC Build Limited for £130,855.00, and from Stone Edge Limited for £135,767.84. The latter company carried out an inspection on 3rd February 2026; Mrs Jetha also attended. During the inspection, those attending on behalf of Stone Edge Limited informed Ms Jetha that some of the External Works had not been carried out to a good standard.

51. Stone Edge Limited also provided photographs with their report showing the condition of the roof, including showing loose roof tiles, two cracked glass panels and areas with defective or missing pointing.

52. During cross examination Mrs Jetha stated that Crestel were often used by Savills and she did not believe they were independent. It was put to her that Stone Edge and LEC Build quotations did not replicate a tendering process because they would not have to carry out the works for the prices they quoted, they were costing the works retrospectively after the works had already been carried out, and they had been paid for their reports, whereas Crestel had not been.

53. During his cross examination Mr Jetha went further and referred to the photographs produced by Savills as "fake" and that the contract with Crestel was a "dodgy in-house contract." He did not provide evidence to support these assertions. He further maintains that the External Works were carried out in order to increase the value of the Block prior to the applicant's predecessor in title disposing of its interest. We prefer Mr Ingles's evidence which set out the procurement process, and there is a detailed 49-page tender report in the bundle. We accept Mr Ingles's evidence that he supervised the works: copies of the minutes of his fortnightly on-site meetings are in the bundle. We find this supporting documentation to be consistent with a transparent tender process and proper supervision of the External Works.

The Tribunal's Decision

54. The Tribunal considers it would be appropriate to grant unconditional dispensation from the consultation requirements pursuant to section

20ZA of the Landlord and Tenant Act 1985 in respect of the external works.

55. Were it necessary to consider whether dispensation should be granted we find it would be reasonable to grant unconditional dispensation from the requirements of section 20 in respect of the External Works that cost £307,012.11 including VAT.

The Tribunal's Reasons

56. In determining the Applicant's application for dispensation, the Tribunal has applied the principles set out by the Supreme Court in Daejan Investments Ltd v Benson and has focused on whether, and to what extent, the Respondents have suffered relevant prejudice as a result of the Applicant's failure to comply with the statutory consultation requirements.

57. We remind ourselves that, in accordance with Daejan v Benson, the relevant prejudice is generally considered to be whether or not the works have been carried out to an appropriate standard, and/or whether there has been prejudice with respect to the cost of the works.

58. We are satisfied that the works were required. We accept Mr Ingles's direct evidence of water ingress, the results of his inspection and the thermographic survey showing the works were required, and which is also supported by the photographic evidence of the building before the works began. Additionally, Mr Jetha's oral evidence that no external works were carried out during the period he was head lessee, which is consistent with Mr Ingles's assessment that no works had been carried out for quite some time, supports the applicant's position that the External Works were required. Therefore, we reject Mr Jetha's assertion that the works were carried out to increase the value prior to disposal of the freehold title, we consider it was the need for external repairs that was the reason the works were carried out.

59. The respondents contend that they have suffered prejudice because they were denied the opportunity to participate in the statutory consultation process. They submit that, had they been given that opportunity, they would have nominated alternative contractors, including Stone Edge Limited, and that the resulting quotations demonstrate that the External Works could have been carried out at a significantly lower cost.

60. It is correct that the quotation obtained from Stone Edge Limited is lower than the amount paid for the External Works. The respondents therefore argue that, had the consultation requirements been complied with, the works would have been undertaken at a lower cost.

61. So far as the standard of the works is concerned, we are satisfied that the External Works were carried out to a reasonable standard. We accept Mr Ingles's evidence regarding the procurement, supervision and administration of the project. That evidence included details of the

tendering process, the tender analysis exercise, the system of interim valuations and payments, ongoing supervision during the works, the preparation of a snagging list, and the issue of a certificate of practical completion.

62. We also had the benefit of a substantial body of photographic evidence. Approximately 1,500 photographs were made available electronically to the Tribunal, with the most relevant photographs also provided in hard copy. Those photographs showed the condition of the building before the works commenced, the progress of the works at various stages, and the condition of the building following completion. Taken together with Mr Ingles's evidence, they provide a substantial evidential basis for our finding that the works were completed to a satisfactory standard. As far as the loose tiles, cracked panes, defective pointing and other issues Stone Edge photographed, we consider these are minor issues which it’s more likely than not arose after the External Works were completed.

63. Turning to the issue of cost, we are not satisfied that the respondents have established any relevant prejudice. We accept that the External Works were extensive and costly. However, the evidence demonstrated that no external redecoration had been carried out for a considerable period. Mr Jetha accepted in oral evidence that no external redecoration had been undertaken during the approximately 20 years in which he was head lessee. Mr Ingles's inspection of the building, together with the photographic evidence, supported the conclusion that redecoration and refurbishment works were required. The scale and cost of the External Works must be seen in that context.

64. We are also satisfied that appropriate steps were taken to obtain a competitive price for the External Works. The project was competitively tendered to three contractors. Following a tender analysis process, the contractor which submitted the lowest tender, Crestel Projects Limited, was selected. In any event, the applicant was not required to select the lowest tender. We accept Mr Ingles's evidence that the tender analysis process formed an important part of ensuring consistency between the tenders and ensuring that the tenderers had correctly understood the requirements of the project.

65. We have considered carefully the Stone Edge Limited quotation relied upon by the respondents. However, we accept the criticisms made by the applicant in relation to that document.

66. First, Mr Ingles identified items included within the Crestel tender and the External Works ultimately carried out which were omitted from the Stone Edge quotation (e.g. see item 7.8 on the schedule of works). Such omissions would inevitably reduce the overall price.

67. Secondly, the Stone Edge documentation shows that adjustments were made to certain items and provisional sums. By contrast, the contractors participating in the original tender exercise were required to price the

specification and provisional sums provided to them. The two exercises were therefore not directly comparable.

68. Thirdly, the Stone Edge quotation was not subject to any equivalent tender analysis process. There was therefore no subsequent examination of the assumptions, pricing or scope of works to ensure that the quotation properly reflected the requirements of the project.

69. Fourthly, the Stone Edge assessment was undertaken approximately three years after the original tender exercise. The inspection took place after the External Works had been completed. Stone Edge therefore inspected a building that had already benefited from substantial repair and redecoration works rather than the building in the condition in which it existed when the original specification was prepared. We accept the applicant's submission that the comparison is not a like-for-like exercise.

70. Fifthly, the quotation was not produced in the context of a competitive tender exercise in which Stone Edge was seeking to secure and perform the works concerned. Rather, it was prepared retrospectively for the purposes of providing an opinion as to the likely cost of the works. We accept that this reduces the weight that can properly be attached to it.

71. We also accept Mr Loveday's submission that the Stone Edge quotation has characteristics commonly associated with expert opinion evidence. It contains an opinion of the reasonable cost of the various items of work. However, the Tribunal has been provided with no information regarding the author or authors of the document, their qualifications, experience, instructions, methodology or assumptions. Nor did any representative of Stone Edge attend to give evidence or answer questions regarding the contents of the quotation. These matters further limit the assistance that the document can provide.

72. Taking all of those matters into account, we do not consider that the Stone Edge quotation establishes that the respondents would probably have achieved a materially lower contract price had they participated in the consultation process. Nor does it establish that the amount paid for the External Works was excessive.

73. In the circumstances, we do not consider that the respondents have met the requirement at paragraph 68 of Daejan of showing a credible case for prejudice. We therefore are not satisfied that they have suffered relevant prejudice in relation to the cost of the works. Had it been necessary to consider the issue of dispensation, we would have granted dispensation unconditionally.

The Legal Framework on Reasonableness

74. The definition of service charges is found at section 18 of the 1985 Act, which reads:

18.— Meaning of "service charge" and "relevant costs"

(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.

75. Section 19 of that Act deals with the reasonableness of service charges, it states:

19.- Limitation of service charges: reasonableness

(1) Relevant costs shall be taken into account in determining the amount of service charge payable for a period-

(a) only to the extent that they are reasonably incurred, and

(b) where they are incurred on the provision 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.

76. As to how case law has defined reasonableness, the Court of Appeal provided the following analysis in Waaler v Hounslow London Borough Council [2017] 1 W.L.R. 2817 (see paragraph 37).

"In my judgment, therefore, whether costs have been reasonably incurred is not simply a question of process: it is also a question of outcome. That said it must always be borne in mind that where the

landlord is faced with a choice between different methods of dealing with a problem in the physical fabric of a building (whether the problem arises out of a design defect or not) there may be many outcomes each of which is reasonable. ... the tribunal should not simply impose its own decision. If the landlord has chosen a course of action which leads to a reasonable outcome the costs of pursuing that course of action will have been reasonably incurred, even if there was another cheaper outcome which was also reasonable."

77. Section 27A deals with the Tribunal's jurisdiction to determine the payability of service charges. It reads:

27A Liability to pay service charges: jurisdiction

(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.

The Tribunal's Decision

78. For the reasons set out above, we are satisfied that the costs of the External Works were reasonable, and are thus payable for the purposes of section 27A.

The Tribunal's Reasons

79. Adopting the approach in Waaler v Hounslow LBC we are satisfied that the External Works were required as stated at paragraph 58, and so the costs were therefore reasonably incurred. We are satisfied that the competitive tendering process resulted in the costs being carried out at a reasonable cost for the reasons stated at paragraphs 61 to 62 above. We are also satisfied that the works were carried out to a reasonable standard as stated at paragraphs 63 to 72 above.

Conclusion

80. Accordingly, the respondents' challenges fail. We find that the consultation requirements were complied with. Alternatively, if there was any non-compliance, we would grant unconditional dispensation. We further find that the costs of the External Works were reasonably incurred and that the works were carried out to a reasonable standard.

Name: Judge Tueje Date: 30th July 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).