FIRST-TIER TRIBUNAL
PROPERTY CHAMBER (RESIDENTIAL PROPERTY)

Case reference	:	**CAM/00MC/LSC/2025/0649**
Property	:	**27 The Picture House Cheapside Reading RG1 7AJ**
Applicant	:	**Fatai Adeleke Olaide**
First Respondent	:	**The Picture House RTM Company Limited**
Represented by	:	**Brady Solicitors Counsel: Ms Cunningham**
Second Respondent	:	**First Port Property Services Limited**
Represented by	:	**JBLeitch Counsel: Mr Carter**
Type of application	:	**Liability to pay service charges**
Tribunal	:	**Tribunal Judge Granby Michaela Bygrave MRICS**
Date of decision	:	**12 August 2026**

DECISION

Introduction

1. This is an application under s.27A (1) of the Landlord and Tenant Act 1985.

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2. The Applicant is the lessee of Number 27, The Picture House, Cheapside, Reading ("the Flat") ("the Picture House"). The Applicant holds the flat pursuant to a tripartite lease dated 3 October 2003 between Fairclough Homes Limited on the first part, the Applicant on the second part and Peveral OM Limited on the third part ("the Lease").

3. The First Respondent is an RTM Company that acquired the Right to Manage on 13 June 2023, it is accordingly the Second Respondent who demands service charges under the terms of the Lease.

4. The Second Respondent is the management company under the Lease (Peveral OM Limited now being Firstport Property Services Limited).

5. The years in issue in the Application are the years ending 2019 – 2024 although for reasons set out in more detail below the central issues relate to payments said to have been made to the Second Respondent.

6. The hearing took place remotely, the Applicant (who is a solicitor, albeit that he does not practice property or landlord and tenant law) appeared in person, the First Respondent was represented by Ms Cunningham of Counsel, the Second Respondent by Mr Carter of counsel.

7. The Tribunal has considered the contents of the trial bundle and the written arguments filed by the Applicant (with, it is said, the assistance of a colleague who did practice landlord and tenant law) as well as a helpful skeleton argument produced by Ms Cunningham for which the Tribunal is grateful.

8. This decision addresses below item by item the matters raised in the Scott Schedule but those items did not form the central part of the arguments before the Tribunal.

9. This application is a response by the Applicant to a claim brought against him by the First Respondent in the County Court under claim number M0AY627C. Those proceedings are stayed pending the outcome of this application but there has been no transfer of any part of those proceedings to the Tribunal. In those proceedings the First Respondent has claimed, inter alia, a "balance brought forward" from the Second Respondent of £8,878.25. The Applicant makes two significant complaints – firstly the Applicant says that he was not in arrears to the Second Respondent because credit was not given for payments the Applicant says were made, secondly the Applicant says he had an arrangement where he would pay his service charges in the sum of £100 per month, seemingly in perpetuity.

10. This application has taken an unusual course in part because the Applicant has tried to force the issues identified above into the "item by item" framework envisaged in the Tribunal's standard directions. Further it was not apparent that the Applicant appreciated, until rather late in the day, that the First Respondent was an entirely new entity who took over the management of the Building (and the operation of the service charge machinery) by operation of a statutory process rather than being in some way a successor to the Second Respondent. This has had the effect of over complicating what were, in the end, a fairly straightforward set of issues. The Tribunal is not necessarily critical of there being a certain degree of confusion as the First Respondent is claiming a balance brought forward from the Second Respondent.

The Law

Payability

11. To be payable a service charge must be recoverable under the terms of the Lease. The lease is described more fully below.

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

    19Limitation of service charges: reasonableness.

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

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

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

14. In *Gell v 32 St John's Road (Eastbourne) Management Co Ltd* [2021] EWCA Civ 789; [2021] 1 W.L.R. 6094 the Court of Appel reaffirmed the longstanding proposition derived from *Yorkbrook. Investments Ltd v Batten* (1985) 18 HLR 25 that it is for the party challenging the payability of a service charge to raise a prima facie case on their pleadings that a service charge is not reasonable in amount. This proposition was affirmed again by the Court of Appeal in *Spender v FIT Nominee Ltd* [2025] EWCA Civ 1578 which, additionally, held that the burden of proof in a s.27A application generally is on the party seeking the assistance of the Tribunal, in this case that is the Applicant who has brought the application- although no part of this decision has turned on the general burden of proof as opposed to the prima facie case requirement which, as set out in detail below, has been determinative of the individual items identified by the Applicant in the Scott Schedule.

Jurisdiction

15. S.27A (1) of the Landlord and Tenant Act 1985 confers juration on the Tribunal as follows:

27ALiability 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.

Pleadings and process

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

17. In this application there has been no dispute as to the construction of the Lease or that the sums in issues were recoverable under the terms of the Lease, the terms of the Lease. A discrete point on the car park element of the service charge is addressed below

Jurisdiction

18. For the First Respondent Ms Cunningham submitted that the Tribunal did not have jurisdiction under s.27A (1) LTA 1985 to determine what had been

paid by the Applicant. In a vacuum that submission is uncontroversial – what has been paid is not one of the matters specified in s.27A (1).

19. The First Respondent submitted that, as the Tribunal could not determine what had been paid (at least unless such a determination was necessary step in determining some matter that was within the Tribunal's jurisdiction – which did not arise on the facts), the Tribunal had no jurisdiction to determine whether the Applicant had in fact paid to the Second Respondent the sum identified as the balance brought forward to the First Respondent. These submissions were adopted by the Second Respondent.

20. Attractively though that submission was put the Tribunal does not accept it. As a general proposition it is correct to say that the Tribunal does not have jurisdiction under s.27A (1) to determine what has been paid only what is "payable". However, the Tribunal may also determine "the person to whom it is payable" and "the amount that is payable"- those powers appear to the Tribunal to be the ones engaged by the Applicant's arguments in the particular, and somewhat unusual, circumstances of this case.

21. A curiosity of this case (and, potentially the cause of at least some of the procedural confusion) is that the First Respondent has not set out why it is entitled to claim from the Applicant a "balance brought forward" from the Second Respondent (the Second Respondent is itself entirely silent on the point). As a matter of law there are only two possibilities (1) the Applicant is not entitled to do so because there has not been an assignment of any arrears or (2) the Applicant is entitled to do so because there has been an assignment. In fairness to the First Respondent the Applicant has not questioned the principle of the First Respondent claiming sums owed to the Second Respondent which may explain why the issue has not been addressed in evidence. In submissions Mr Carter referred to "the assumed assignment" which seemed to the Tribunal to be a useful way of describing the position. For the First Respondent Ms Cunnigham was more circumspect but accepted as a matter of law that the only way that the First

Respondent could claim sums due to the Second Respondent is if there had been an assignment.

22. On the basis of the implicit position between the parties (that the Tribunal should only disturb in the limited circumstances described *in Sovereign Homes*) that there was an assignment following the First Respondent acquiring the Right to Manage the following questions necessarily arise (1) "of what" and (2) "what amount, if any, of the claimed "balance brought forward" is payable". In practical terms these questions have the same answer described below but appear to the Tribunal to fall within the jurisdiction of the Tribunal conferred by s.27A (1) by virtue of sub sections (a) and (c).

23. Accordingly while the Tribunal does not have a free standing jurisdiction to determine what was paid to the Second Respondent it can (and indeed must) do so to determine what is payable to the First Respondent.

Payments made and agreement for monthly payments

Payments made

24. The Applicant produced his bank statements for his Barclays account 3069938 for the period 27 February 2016 – 28 April 2026 and submitted to cross examination. The Applicant was asked very few questions on payments made or on arrangements for payment with the Second Respondent (on Ms Cunningham's part because her client had no knowledge of matters preceding it acquiring the RTM other than that derived from records, on Mr Carters part because it appeared the relevant records were either not retained or were not readily available – which is understandable where the Second Respondent has "lost" the management function to the First Respondent) the effect of which was that the Applicant's evidence was largely unchallenged and, as a consequence, it is accepted by the Tribunal.

25. The Applicant's bank statements show monthly payments of £100 to the Second Respondent's managing agent "Atlantis" in each month up to April 2026, admittedly no bank account details are visible but the Tribunal accepts these were sent to the correct location as, until March 2023 they appear to have been retained . The Applicant accepted that there was no record of where these payments had gone once they had gone to the Second Respondent (he might ask how he could know) and was clear, when it was, rather gently, posited that the payments could have been returned, that they had not been returned until they started to show as returned in his bank statements. The Tribunal has counted the payments and 77 appear to have been retained and 36 rejected – the explanation for each rejected payment is the same and is "Sort Code/ Account Number Unknown".

26. The Applicant referred to statement of account for the Second Respondent described as a "handover statement" (which appears at p.489-492 of the bundle) dated 5 September 2023 for the period from 3 February 2019 to that shows only two payments of £100 (being February and March 2023) the total balance on that statement (inclusive of administrative fees) is £8,878.25, the same figure as the balance brought forwards.

27. The Applicant says that taken together the bank statements that show payments being made and a statement of account that does not record them show that the Second Respondent did not give credit for the sums received.

28. The Tribunal agrees - from the statements opening date (which appeared to have opened from a nil balance) the Second Respondent failed to account for 44 payments of £100 that the Tribunal finds were made (31 of the payments shown by the accounts being made before 3 February 2019 and two appearing in the handover statement as described above).

29. Of the figure of £8,878.25, £430 consists of administrative charges that are not challenged independently of the Applicants primary arguments that he has paid (or did not have to pay) the service charges represented by the "balance brought forward".

30. It is not immediately clear why the Applicant kept making payments to Atlantis in circumstances where (1) the money was being returned each month and (2) Atlantis had no role once their principal – the Second Respondent- was displaced by the First Respondent acquiring the Right to Manage. In any event sums the Applicant attempted to transfer to Atlantis cannot stand to his credit either where they were returned to him.

Arrangement to pay

31. The Applicant asserted that he had an agreement (presumably with the Second Respondent) that he would pay his service charge in sums of £100 per month. The Applicant was not directly challenged in cross examination on that assertion but the Applicants evidence was somewhat vague about where and when such an agreement was formulated and its precise terms. It appears inherently unlikely that a property management company would agree that a leaseholder could pay a fixed sum each month indefinitely – by their nature service charges vary and from 2019 at least (the earliest year for which the Tribunal has any information, a figure of £100 per month would be about half of what was being demanded.

32. Notwithstanding that such an agreement is unlikely the unchallenged evidence was that it occurred and the Tribunal (finding the Applicant to be an honest witness although not one with the best recollection of events some time ago and probably of no great importance at the time) finds that there was an agreement in place, for at least a period prior to 2019 for the Applicant to pay £100 per month, this would explain why the "handover" account opens at a nil balance.

33. That is not, however, the end of the matter – the Lease was not varied to provide for a fixed service charge of £100 per month.

34. Accordingly any arrangement between the Applicant and the Second Respondent would be entirely irreverent to the First Respondent which has taken over the management of the Building by operation of statute. The First Respondent takes the Leases as it finds them.

35. In respect of the Second Respondent the question is what effect such an agreement could have in the absence of variation of the lease (without consideration of what the exact terms might have been). In absence of a variation of the Lease it is difficult to see how such an agreement would be enforceable in law, at least without some form of consideration being given. No detrimental reliance is alleged so promissory estoppel cannot arise.

36. In the factual vacuum with which it is presented the Tribunal concludes that any arrangement between the Applicant and the Second Respondent whereby the Applicant would only pay the sum of £100 for service charges could be brought to an end simply by the Second Respondent reverting to the terms of the Lease which appears to have happened on 3 February 2019.

37. Accordingly the Tribunal determines that subject to any adjustment required by s.19 of the Landlord and Tenant Act 1985 or otherwise set out in the section of this decision:

    a. The Applicants service charges are not (and at no relevant time have been) limited to £100 per month, and

    b. The correct figure for the balance brought forward calculated on the basis that the First Respondents demands were lawful would be is £4,478.25, as set out below a small further downward adjustment is required because of the Tribunal's determination in respect of one item in the Scott Schedule

Items in the Scott Schedule

38. A general point arises in relation to the items raised in the Scott Schedule – that of burden of proof. As explained to the Applicant during the hearing the Tribunal is not inquisitorial and is not conducting an audit of the service charges or the management of the building. A leaseholder wishing to challenge a service charge must set out, in their statement of case, why it is said that an amount sought by the landlord is not payable. In terms of s.19 (1) of the LTA 1985 a tenant seeking to challenge a demand must raise

a *prima facie* case before a landlord is require to prove that a sum is reasonably incurred or reasonable in amount (put differently a landlord cannot just be put to proof of reasonableness).

Year End 2022

39. Managing Agent Frees: £9246. The Applicant submits this amount doubles the ongoing charges by other managing agents. The Tribunal disagrees, the sum equates to £167.50 plus VAT per flat which the Tribunal considers reasonable (the sum falls within the market norms with which the Tribunal is familiar).

40. Lift Repair Repairs and Management: £23,300.70. The Applicant suggests that this amount may not be payable as there is insurance. The Tribunal accepts the explanation that insurance would not cover routine maintenance and the evidence that frequent repairs were required. The amount is payable in full.

41. Fire System Maintenance: £13,755. The Applicant asserts that this amount is unreasonable and complaints of a lack of consultation pursuant to s.20 of the Landlord and Tenant Act 1985. The First Respondent denies that the works are "major works" or "qualifying works" stating, vaguely, that the works were "expenditure that is required to comply with the fire safety legislation and to maintain a functioning fire safety system". The First Respondent, of course, was not responsible for the Building in 2022 and has complained (by way of Ms Radley's evidence) about a lack of information from the Second Respondent.

42. For its part the Second Respondent also does not address what these works are – its statement of case simply asserts that the Applicant's challenge is "bare" and states that there are no comparables and identifies that the burden in respect of reasonableness is on the Applicant - which is correct but does not address, at all, the Applicant's complaint as to consultation.

43. The description "Fire System Maintenance" appears on its face to naturally relate to maintenance of a fire system – works that would most naturally

be thought to be "works on a building or other premises" within the meaning of s.20ZA (2)of the Landlord and Tenant Act 1985- if that assumption is wrong it is not unreasonable or unfair to require the party claiming a service charge to spell out what the work is, neither Respondent has done so (while the First Respondent is not realistically able to without the help of the Second Respondent the First Respondent is perusing money said to have been owed to the Second Respondent so cannot simply point to an information vacuum as an answer to the Applicants case)

44.. The Tribunal concludes that the Tenant has raised a case, that the consultation requirements are engaged, and the Respondents have failed to rebut it. The Applicants contribution is accordingly limited to £250 for this item.

45. Reserve fund: £20,000. The Applicant complains that this is too high, this is not a prima facie case (and in any event Ms Radley explains the need to build a reserve fund in respect of lift works).

46. Car Park Maintenance: £12,552.85. The Applicant states that it us unreasonable to separate Car Park expenses from the Main building. The lease requires this division as different apportionments are payable by the Applicant in respect of different items of expenditure – the car park costs are set out in Part B of the Seventh Schedule of the Lease.

Year End 2023

47. Commercial Unit: £3440.21. The Applicant says that residential leaseholders should not be liable for this sum. The Tribunal accepts the First Respondents explanation that the Applicant has not been charged these costs – the accounts reflect that the commercial unit has contributed.

48. Reserve fund: £20,000. The Respondent complains of a lack of accountability and suggests the amount is not reasonable. This is not a prima facie case. In any event the Tribunal accepts the explanation that a reserve fund was being accumulated to pay for major works to the lifts. The sum is payable in full.

49. Electricity Bill: £9910.53. The Respondent says this sum is not reasonable as it is only meant to cover the common areas. This is not a prima facie case, the building is a large block with two lifts. The sum is payable in full.

50. Car Park Maintenance and Insurance: £9,333.79. The arguments are the same as for 2022 and so is the Tribunals reasoning which is not repeated for the sake of brevity, the sum is payable in full.

51. Management fees: £9,905.22. The Applicant suggests £5,000 would be reasonable and notes the high 'cost of living'. The Applicant has not produced comparators or raised a prima facie case and the Tribunal repeats its reasoning from 2022. The sum is payable in full.

52. Lift repairs and maintenance: £6,200. The arguments are the same as for 2022 as is the Tribunals reasoning. The sum is payable in full.

53. Fire Equipment Maintenance: £11,000. This appears to be a budgeted sum as the Scott Schedule refers to actual expenditure of £7,906. The Applicant complains that the no reason has been given for "spending so much" and asserts that the amount is unreasonable. The Applicants case assumes what it must prove (or at least raise a prima facie case of) which is that the spending is notably high requiring an explanation – it is not, this is a reasonably large block and there is nothing in the amount itself (be it £11,000 or £7,906 that raises a prima facie case.

Year End 2024

54. Managing Agent Fees: £10,000. The Applicant asserts this sum is unreasonable and suggests £5,000, again the Applicant has not produced a comparator or otherwise raised a prima facie case as to why this sum is unreasonable. The management fee works out at £181.15 plus VAT which is in line with the Tribunals experience of such charges and it payable in full.

55. Fire equipment maintenance: £2,000. The Applicant says that this sum is too high in the context of expenditure over the previous two years. The Tribunal finds the sum payable in full – previous expenditure isn't directly relevant, the costs have decreased substantially from the previous years and some ongoing expenditure is inevitable.

56. Lift repair and maintenance: £4000.00 / £3480.00/ £1700.00. The Applicant repeats the insurance point made for 2022 and 2023, the First Respondent does not recognise the "£1,700" figure. The Tribunal rejects that argument for the same reasons given for 2022. The sums of £4,000 and £3,480 are payable.

57. Electricity Bill: £15,000. The Applicant submits that this is too high. This is not a prima facie case- there is no analysis of what a reasonable figure would be or why £15,000 is too high for a block of this size with lifts. The sum is payable in full.

58. Reserve fund: £10,000. The Applicant submits that this is too high, £40,000 having been accumulated over the last two years. This is, again, not a prima facie case- the Applicant has not engaged with what an appropriate reserve should be (it is, in general, good practice for substantial reserve funds to be maintained so that major works can be funded from the reserve). In any event the Tribunal accepts the First Respondents explanation that the initial focus of the reserve fund was imminent lift works which were undertaken in the summer of 2024 –

demanding further reserves appears to have been prudent. The sum is payable in full.

59. Car Park: £8,299.70. The Applicant repeats the points made for 2022 and 2023. The Tribunal repeats its reasoning from 2022, the sum is payable in full.

s.20C

60. The Tribunal declines to make an order under s.20C of the Landlord and Tenant Act 1985. Although the Applicant has had a modest success in respect of the balance brought forward (and achieved a very small reduction in respect of the 2022 service charge years) the bulk of the service charges have been found to be payable, the Tribunal also rejected the Applicants argument that he is entitled to pay his service charges in the sum of £100 per month. The First Respondent is a lessee owned management vehicle and will be dependent on the service charge to function, that is a further factor pointing away from a 20C order in this case.

Conclusion

61. The Tribunal determines the service charges to be payable as set out above.

Appeals

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

The application must arrive at the Tribunal within 28 days after the Tribunal sends to the person making the application written reasons for the decision.

If the person wishing to appeal does not comply with the 28-day time limit, the person shall include with the application for permission to appeal a request for an extension of time and the reason for not complying with the 28-day time limit; the Tribunal will then decide whether to extend time or not to allow the application for permission to appeal to proceed.

The application for permission to appeal must identify the decision of the Tribunal to which it relates, state the grounds of appeal, and state the result the party making the application is seeking.