FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Case reference	:	**LON/00AM/HTC/2026/0014**
Property	:	**Flat 32 Duo Tower Hoxton Press, London N1 5FF**
Applicant	:	**Nicholas Curwood**
Respondent	:	**Core Residential Property Agency**
Type of application	:	**Recovery of a prohibited payment under section 15 Tenant Fees Act 2019**
Tribunal member	:	**Valuer Chairman Ian Holdsworth**
Venue	:	**Remote**
Date of decision	:	**25 August 2026**

DECISION

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a. The Tribunal determines that the sum of £2,908.01 inclusive of vat paid to the Respondent in respect of commission charges arising from the Applicant's early surrender of the tenancy, constitutes a prohibited payment within the meaning of paragraph 7 of Schedule 1 to the Tenant Fees Act 2019.

b. Pursuant to section 15 of the Tenant Fees Act 2019, the Respondent shall repay **£2,908.01** to the Applicant within 21 days of the date this decision is sent to the parties.

The Application

1. This is an application under section 15 of the Tenant Fees Act 2019 for repayment of a sum paid by the Applicant following his request to terminate his tenancy early. The Applicant contends that the charge

represented an unlawful fee exceeding any loss or reasonable cost arising from the surrender of the tenancy.

Background

The Applicant's Case

1. The Applicant entered into an assured shorthold tenancy of Flat 32 Duo Tower Hoxton Press on 1st July 2025. During the tenancy he sought an early surrender due to a change in personal circumstances. Discussions then took place with the Respondent concerning the arrangements for termination.

2. The Respondent advised that surrender would be conditional upon payment of commission calculated by reference to the unexpired period of the tenancy. The Applicant questioned the lawfulness of the charge and in particular whether such a charge was permissible where a replacement tenant was available and the property would continue to generate rental income without interruption

3. The Applicant's evidence is that he was informed that the charge was unavoidable and that failure to pay would jeopardise the replacement letting. Faced with that position, he paid the demanded sum whilst reserving his right to challenge its legality.

4. The Applicant vacated the property on 22 October 2025, and a replacement tenant commenced occupation on 23 October 2025. There was therefore no void period and no interruption in rental income.

5. The Applicant submits that the commission charge does not reflect any genuine loss suffered by either the landlord or the Respondent. Rather, it represents an attempt to recover ordinary letting costs associated with a new tenancy and amounts to a prohibited payment under the Act.

The Respondent's Case

6. The Respondent contends that the charge represented a legitimate letting fee incurred in arranging a replacement tenancy following the Applicant's request for early surrender.

7. It is said that the charge was contractually recoverable and represented a cost associated with securing a replacement occupier rather than a prohibited payment.

8. The Respondent subsequently accepted that part of the original charge had been incorrect and refunded a management fee element amounting

to 4% of the charge. It maintained, however, that the remaining commission charge was properly payable.

The law

9. The relevant legislation is at: https://www.legislation.gov.uk/ukpga/2019/4/contents

Paragraph 7 of Schedule 1 to the Tenant Fees Act 2019 creates a limited exception permitting payments associated with the early termination of a tenancy at a tenant's request. It provides that a payment is a permitted payment if made to a landlord in consideration of the termination of a tenancy at the tenant's request, but only insofar as the payment does not exceed the loss suffered by the landlord because of the termination. Where the payment exceeds that loss, the excess is a prohibited payment.

10. Paragraph 7(3) and (4) make equivalent provision in respect of letting agents. A payment to a letting agent in consideration of arranging termination of a tenancy at the tenant's request is a permitted payment only to the extent that it does not exceed the reasonable costs of the letting agent in respect of that termination. Any excess is a prohibited payment.

11. The Tribunal derives assistance from the statutory guidance issued under the Act, which states that a landlord or agent may recover only losses or costs reasonably incurred as a result of the tenant's request and may not profit from the arrangement. The guidance further states that evidence should be provided to demonstrate the loss incurred and that charges should be limited to the reasonable and evidenced costs arising from the termination.

12. The statutory language imposes an objective test. The issue is not whether a landlord or agent has become contractually liable for a payment under a separate agreement. The question is whether the payment demanded from the tenant represents the landlord's loss or the agent's reasonable costs arising from the early termination request. A contractual right to receive a sum does not automatically render that sum recoverable from a tenant under paragraph 7.

13. The Tribunal also notes that the purpose of the 2019 Act was to prohibit tenants from being required to bear costs that form part of the ordinary overheads of operating a residential lettings business. The exceptions contained within Schedule 1 are therefore to be construed in a manner consistent with that statutory purpose.

Reasons

14. The Tribunal has carefully considered the detailed submissions made by the Respondent. The Tribunal accepts that the Applicant requested the early surrender of a fixed-term tenancy and that neither the landlord nor the Respondent was obliged to agree to such a request. The Tribunal further accepts that paragraph 7 of Schedule 1 is intended to allow landlords and agents to recover genuine losses and reasonable costs resulting from such requests.

15. The Tribunal also accepts the Respondent's submission that the payment was not demanded as consideration for granting a tenancy or renewing a tenancy. Rather, it was demanded as a condition of agreeing to an early surrender. The charge is therefore capable, in principle, of falling within paragraph 7.

16. The Tribunal further accepts that the landlord entered into a separate contractual arrangement with the Respondent pursuant to which commission became payable. The Tribunal has reviewed the Respondent's terms of business, which provide that letting commission is payable in advance for the duration of the fixed term and is calculated as 8 % of the gross annual rent.

17. The Tribunal nevertheless concludes that the existence of that contractual liability does not answer the statutory question before it. Paragraph 7 requires the Tribunal to determine whether the payment demanded from the tenant reflects a loss suffered by the landlord or reasonable costs incurred by the agent. The Tribunal is not concerned with whether the Respondent was entitled to payment from the landlord under its agency agreement; it is concerned with whether that liability can properly be passed on to the tenant under the statutory regime

18. A central plank of the Respondent's case is that there was no "double recovery". The Respondent submits that the commission earned upon procuring the Applicant was consideration for services already performed and could not subsequently be reallocated to the replacement tenancy. The Tribunal accepts that, as a matter of contract, the original tenancy and replacement tenancy are distinct transactions and that commission payable in relation to one tenancy is not necessarily extinguished by the creation of another.

19. However, that is not the end of the matter. The Tribunal is required to determine whether the amount claimed represents a financial

consequence of the early termination itself or whether it represents an ordinary business cost of the landlord's chosen arrangements with the Respondent.

20. The evidence establishes that the property was vacated by the Applicant on 22 October 2025 and occupied by a replacement tenant on 23 October 2025. There was no void period and no interruption in rental income.

21. The Tribunal accepts the Respondent's submission that the absence of a void period does not necessarily mean no recoverable loss exists. Marketing costs, referencing costs, administrative costs, inventory costs and other expenses may in principle constitute losses or reasonable costs within paragraph 7.

22. The difficulty for the Respondent is evidential. The payment sought was not calculated by reference to any identified marketing expenditure, referencing costs, administrative time, inventory charges or other itemised expenses. Rather, the charge was calculated by reference to an 8% commission applied across the remaining term of the tenancy. The Tribunal rely upon the invoice dated 10 October 2025 that shows the monies are for 270 days of lost commission. The amount was therefore derived from the Respondent's commercial commission model rather than from a specific assessment of costs incurred because of the surrender request.

23. The Tribunal has considered the Respondent's submission that the landlord became liable to pay commission because of the original tenancy and that the Applicant should reimburse that liability. However, if accepted, that submission would permit the entirety of a landlord's contractual arrangements with a letting agent to be transferred to a tenant whenever an early surrender is agreed, regardless of whether the amount represented actual loss or reasonable costs caused by the termination. In the Tribunal's judgment, such an interpretation would undermine the limitation expressly imposed by paragraph 7 and would be inconsistent with the consumer protection purpose of the Act.

24. The Tribunal is reinforced in that conclusion by the Respondent's subsequent decision to refund the management element previously included within the charge. Whilst the Tribunal accepts the Respondent's submission that the refund does not of itself establish unlawfulness, it demonstrates that the figure originally demanded was generated by reference to the Respondent's fee structure rather than by a contemporaneous assessment of losses arising from the surrender.

25. The Tribunal also notes that the Respondent was able immediately to re-let the property and thereby generate a new commercial opportunity.

Whilst the Tribunal makes no finding that commission was in fact earned twice for the same period, the evidence before it does not demonstrate that the amount claimed from the Applicant represented costs which would not otherwise have formed part of the ordinary business of letting and re-letting residential property.

26. The Tribunal therefore finds that the Respondent has failed to discharge the evidential burden of showing that the sum of £2,908.01 represented either:

(a) loss suffered by the landlord because of the termination of the tenancy; or

(b) reasonable costs incurred by the Respondent in arranging that termination,

within the meaning of paragraph 7 of Schedule 1 to the Tenant Fees Act 2019.

27. The Tribunal accordingly finds that the payment exceeded the maximum amount permitted by paragraph 7 and was therefore a prohibited payment recoverable under section 15 of the Tenant Fees Act 2019.

28. The Tribunal orders the Respondent to repay **£2,908.01** to the Applicant **within 21 days** of the date this decision is sent to the parties

Ian B Holdsworth **Date: 25 August 2026**

Valuer Chairman

RIGHTS OF APPEAL

1. 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.

2. 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.

3. 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.

4. 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.