FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Case reference	:	**LON/00BG/LSC/2025/1164**
Property	:	**Flat D, 23 New Road, London, E1 1HE**
Applicant	:	**Giles Rudyard Fernando**
Representative	:	**In person**
Respondent	:	**Howgran (UK) Properties Limited**
Representative	:	**Mr Grant**
Type of application	:	**For the determination of the liability to pay service charges under section 27A of the Landlord and Tenant Act 1985**
Tribunal members	:	**Ms S Beckwith MRICS** **Mr A Morrison MRICS**
Venue	:	**10 Alfred Place, London WC1E 7LR**
Date of decision	:	**12 June 2026**

DECISION

Decisions of the tribunal

(1) The tribunal makes the determinations as set out under the various headings in this Decision.

(2) The tribunal makes an order under section 20C of the Landlord and Tenant Act 1985 and paragraph 5a of schedule 11 of the Commonhold and Leasehold Reform Act 2002 so that none of the landlord's costs of the tribunal proceedings may be passed to the Applicant through any service charge or administration charge.

(3) The tribunal determines that the Respondent shall pay the Applicant £341 within 28 days of this Decision, in respect of the reimbursement of the tribunal fees paid by the Applicant.

The application

1. The Applicant seeks a determination pursuant to s.27A of the Landlord and Tenant Act 1985 ("the 1985 Act") as to the amount of service charges payable by the Applicant in respect of the service charge years 2022, 2023, 2024 and 2025.

The hearing

2. A hearing was held on 13 May 2026. The Applicant appeared in person. Mr Grant, a Director of Howgran (UK) Properties Limited appeared on behalf of the Respondent.

3. The tribunal had been provided with two bundles prior to the hearing. The original bundle of 390 pages and a revised bundle of 421 pages, which included additional documents in connection with the new electricity supplier's charges. Mr Grant did not object to the inclusion of the additional documents and the tribunal therefore proceeded with reference to the 421 page bundle. Numbers in square brackets relate to the relevant pages in the bundle.

4. The tribunal also had a skeleton argument from the Applicant.

The background

5. The property which is the subject of this application is a flat within a converted terraced house containing five flats over basement to third floors.

6. The landlord, Howgran (UK) Properties Limited, had indicated its desire to cease management of the building and an RTM Company was formed and took over management in September 2025.

7. Photographs of the building were provided in the hearing bundle. 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.

8. The Applicant holds a long lease of the property which requires the landlord to provide services and the tenant to contribute towards their costs by way of a variable service charge. The specific provisions of the lease will be referred to below, where appropriate.

The issues

9. At the start of the hearing the parties identified the relevant issues for determination as follows:

   (i) The payability and/or reasonableness of service charges for the years 2022, 2023, 2024 and 2025 relating to electricity.

   (ii) The payability and/or reasonableness of service charges for the years 2022, 2023 and 2024 relating to insurance.

   (iii) The payability and/or reasonableness of service charges for the years 2022, 2023 and 2024 relating to management.

10. The arguments in respect of each service charge item were the same for each year in dispute. The tribunal therefore heard the arguments and sets out its decision on the basis of each item in turn.

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

Electricity

12. The amounts charged in respect of each service charge year in question are set out in the following table. The total amounts are taken from the service charge invoices [59-62]. Although presented as for an entire service charge year, the amounts for electricity cover different periods, shown in the Year column. The Standing Charges and Rates per kwh applied are as per the invoices [150-215].

Year	Total	Tenant's Proposed Amount (Scott Schedule / Statement of Case)	Standing Charge (£ per day)	Rate per kwh
2022 (17/04/21 – 18/04/22) 369 days	£135.55	£36.65 / £30.74	90p 100p from 25/11 200p from 25/01	19.00p 25.00p from 25/11 50.00p from 25/01
2023 (19/04/22 – 14/07/23) 452 days	£282.23	£36.25 / £36.65	200p 180p from 01/04	50.00p 75.10p from 01/10 70.60p from 11/11 39.90p from 15/12 40.79p from 01/04
2024 (15/07/23 – 31/08/24) 414 days	£213.92	£39.28 / £39.28	180p 200p from 08/03	40.79p 36.27p from 01/10 32.96p from 01/01 37.72p from 08/03 26.50p from 01/04
2025 (01/09/24 – 31/10/24) 61 days	£32.49	£8.12 / £23.72	No invoices	No invoices

13. The Applicant argues that the landlord did nothing to test the market or minimise the electricity usage and the amounts charged were therefore unreasonable.

14. There is one working lightbulb serving the common parts, which is costing in excess of £700 per year. This is due to the type of bulb, which

is an old halogen lightbulb which is on all day as there is no timer. It therefore uses 1,000 kwh per year.

15. Mr Fernando has included in the bundle google searches about the average standing charge per day, showing 43p in 2022 [89], 55.3p in 2023 [91] and 55.3p in 2024 [93] and the average kwh per day showing 25-50p for 2022 [95], 31.3 for 2023 [97] and 24-30p for 2024 [99]. A summary of Octopus' rates was also presented [113].

16. Evidence is included that the contract arranged by the RTM Company from September 2025 with EDF has a standing charge of 60p and a kwh rate of 23.50p [392-421].

17. Mr Fernando has used these figures and an assumed usage of 60 kwh per year to calculate his proposal for the amounts payable as set out at paragraph 22 of his witness statement [68]. This is for a one year period for each service charge year, other than 2025 which is 213 days.

18. The landlord had not included any comments on the Scott Schedule, but had provided a witness statement from Mr Grant [71-73]. During the hearing Mr Grant confirmed that the electricity does not just serve the single light highlighted by Mr Fernando, but the emergency lighting within the common parts.

19. The contract throughout the period was provided by EDF, who Mr Grant uses on other buildings. They were chosen as they have a workforce and are responsive to issues. Mr Grant confirms his company did research the market during Covid, but could not change the contract at that time.

20. In respect of the Applicant's suggestion that money could have been saved by putting the lights on push buttons, he confirms that the leaseholders did not want to pay for this change.

21. Mr Grant's recollection is that they approached Octopus, but the company did not supply to common parts.

22. The company's approach across their portfolio is not to take fixed term contracts. This has been the approach since the flats in the building were completed.

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

23. The tribunal determines that the amount payable in respect of electricity for 2022 is £101.66.

24. The tribunal determines that the amount payable in respect of electricity for 2023 is £211.67.

25. The tribunal determines that the amount payable in respect of electricity for 2024 is £160.44.

26. The tribunal determines that the amount payable in respect of electricity for 2025 is £24.37.

Reasons for the tribunal's decision

27. The problem with the way in which Mr Fernando has calculated his proposed figures is that he has assumed a one year period for each service charge year (365 days). This does not match with the invoices provided (see paragraph 12 above). Mr Fernando also appears not to have added VAT.

28. The amount of usage is due to the type of bulb and the fact it is on at all times. To reduce the amount of usage, the quality of bulb and system for when it is in use would need to be changed, which would incur costs. The tribunal noted from the recent invoices to the RTM Company [392-421] that 80 kwh were still being used per month and therefore did not find the Applicant's suggestion of 60 kwh as a reasonable usage across the whole year to be realistic.

29. In respect of the standing charges and kwh rates, the tribunal considers that the landlord should have attempted to find a reasonably priced contract in respect of the communal electricity and did not do so.

30. The rates for the standing charge and kwh are linked into an overall contract. The google search evidence presented by the Applicant discussed averages and cheapest rates. It does not show the amount that could have been secured on a contract for a communal electricity supply in terms of standing charge and kwh rate together.

31. Electricity rates did increase significantly in 2022 and any contract agreed at that time would still have reflected the market conditions at that time.

32. The tribunal has made a 25% deduction to each charge, which it considers may have been reasonably achievable had the landlord attempted to find a more cost-effective contract in terms of standing charge and rate per kwh.

Insurance

33. The insurance premiums in dispute are as follows:

Year	Total Premium	Apportioned Premium	Tenant's Proposal
2022	£1,904.71	£342.85	£170.00
2023	£1,605.19	£288.93	£200.00
2024	£1,805.23	£324.94	£200.00

34. The total insurance premium for the 2021 service charge year was £896.28 and the Applicant argues that the fact that the premium has more than doubled is unreasonable.

35. The amount of total premium paid in 2025 by the RTM Company to insure the building is £1,456. This is based on a higher insured sum. Mr Fernando has used extrapolations forward from the 2021 figure and backwards from the 2025 figure based on the total sums insured and inflation rates to calculate the amounts that he argues should be payable [67].

36. The insurance was included on a group policy with other buildings owned by the Respondent and calculations for the apportionment have not been provided.

37. The documents provided by the Respondent show loss of rent cover in 2022 of £213,805 [123], 2023 of £252,675 [131] and 2024 of £257,615 [144]. The amount of ground rent payable on the building is £1,000 per annum (five flats at £200 per annum). The sums insured therefore suggest a mistake and commercial rent being covered, despite there being no commercial parts within the building.

38. The Applicant submits that no evidence has been provided that the Respondent checked the market, as they used the same insurer every year.

39. Mr Grant confirmed that the company used to place the insurance, Weslyan, are independent brokers. They are obliged to go to the market. They apportion the premiums between the different properties insured. He therefore believes the sums insured are commensurate with what is needed and in line with what was appropriate in the market for the rebuild value insured.

40. Mr Grant admitted that if loss of rent of over £200,000 was included, then this would be a significant error. He has asked the broker to

investigate and they are conducting an investigation. Any sums reclaimed will be given back to the leaseholders.

The tribunal's decision

41. The tribunal determines that the amount payable in respect of insurance for 2022 is £308.56.

42. The tribunal determines that the amount payable in respect of insurance for 2023 is £260.04.

43. The tribunal determines that the amount payable in respect of insurance for 2024 is £292.45.

Reasons for the tribunal's decision

44. The tribunal accepts that the market was tested by the broker [142]. There was a significant rise in insurance premiums in the market during 2022. The premiums then came down in the following years. We do not consider it to be an approach reflective of how insurance premiums are set to extrapolate forwards or backwards from figures for different years.

45. The Respondent had clearly not noticed the issue with regard to the amounts shown for loss of rent and admitted that it would be a significant error. Correspondence from the insurance brokers confirmed that there was no loss of rent insurance in 2020 [385]. The loss of rent premiums shown for the other properties insured during this time period constitute a relatively small proportion of the total insurance cost [386]. The tribunal has therefore reduced the total insurance sum by 10% for each year in dispute.

Management

46. The Applicant submits that the landlord failed in their management obligations. It was the leaseholders who had to arrange works of repair to the building.

47. Whilst there are charges that have not been challenged in respect of window cleaning and fire equipment testing, the majority of the charge comes from the electricity and insurance costs and given the evidence presented as part of those challenges in this case, it has been shown that the Respondent has not performed to justify the fee.

48. The services should be provided to a reasonable standard and the Respondent has not checked the market or managed the contracts appropriately.

49. The management charge has been levied on the ground rent, which it should not have been.

50. The Respondent has conceded that a 15% charge was applied in the service charge years in question, when it should only have been 10% under the lease.

51. Mr Grant argues that the services were provided and had to be administered.

The tribunal's decision

52. The tribunal determines that the amount payable in respect of management for 2022 is £59.24.

53. The tribunal determines that the amount payable in respect of management for 2023 is £61.51.

54. The tribunal determines that the amount payable in respect of management for 2024 is £54.75.

Reasons for the tribunal's decision

55. It is clear from the correspondence between the parties that the landlord did not have any interest in managing the building and did the minimum. On the basis of how the management fees are calculated, the leaseholders only pay for a percentage of the services actually charged.

56. Whilst Mr Fernando argues that the landlord has failed in their management of the building, due to the structure of the management charge, the amount paid by the leaseholders would be higher if further services had been provided by the Respondent.

57. The total amount payable is small in comparison to what could be expected should a professional managing agent be appointed.

58. Clause 2(f)(i) of the Lease states that the management fee is payable on the costs and expenses of the Service Obligations. The Service Obligations are defined as "*the obligations to provide services and other things undertaken hereunder by the Lessor*". The tribunal finds that management charges cannot be levied on ground rent. The tribunal has applied a 10% management charge to the revised total services to be paid by the tenant (see schedule at Appendix A).

Application under s.20C and refund of fees

59. At the end of the hearing, the Applicant made an application for a refund of the fees that he had paid in respect of the application/ hearing[1]. Having heard the submissions from the parties and taking into account the determinations above, the tribunal orders the Respondent to refund any fees paid by the Applicant within 28 days of the date of this decision.

60. In the application form and at the hearing, the Applicant applied for an order under section 20C of the 1985 Act and paragraph 5A of schedule 11 of the Leasehold and Commonhold Reform Act 2002. No argument was made as to whether the lease allows for the recovery of the landlord's costs, but to the extent it does, the tribunal determines that it will make an Order under section 20C of the Landlord and Tenant Act 1985 and paragraph 5A of schedule 11 of the Leasehold and Commonhold Reform Act 2002. The effect of the order is that the landlord cannot pass the cost of the proceedings on to the Applicant by service charge or administration charge.

Name: S Beckwith **Date:** 12 June 2026

[1] The Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013

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).

Appendix A – Calculation of Revised Management Charge

Year	Total charges not challenged	Revised electricity charge	Revised insurance charge	Revised total	Revised management charge (10%)
2022 [59]	£119.20	£101.66	£308.56	£592.42	£59.24
2023 [60]	£143.41	£211.67	£260.04	£615.12	£61.51
2024 [61]	£94.58	£160.44	£292.45	£547.47	£54.75