FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Case reference	:	**HAV/00HE/LSC/2025/0760**
Property	:	**1 Stannum Terrace, Redruth, Cornwall, TR15 3FQ**
Applicant	:	**Matthew Nangle (no appearance)**
Representative	:	**N/A**
Respondent	:	**Coastline Housing Limited**
Representative	:	**Mr Vere-Stokes and Ms Douglas**
Type of application	:	**For the determination of liability to pay service charges**
Tribunal members	:	**Judge R Percival** **Mr M Woodrow MRICS**
Venue and date of hearing	:	**The Court House, Tremovah Wood Lane, Mitchell Lane, Truro TR1 1HZ** **9 June 2026**
Date of decision	:	**11 September 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 so that none of the landlord's costs of the tribunal proceedings may be passed to the lessees through any service charge.

(3) The Tribunal makes an order under paragraph 5A of schedule 11 to the Commonhold and Leasehold Reform Act 2002 extinguishing any liability of the Applicants to pay an administration charge in respect of litigation costs of the application.

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 2023/24 and 2024/25.

2. The Applicant is one of the executors of the estate of Ms June Harvey, the lessee of the property. The Applicant is her son.

3. Copies of the legislation referred to in this decision and other sources of free legal information are set out in the appendix to this decision.

The background

4. The property is a flat in a small block of three flats, built in around 2017.

The lease

5. The lease is a shared ownership lease. The lease is dated 14 October 2019, and is for a term of 99 years. The parties are Ms Harvey and the Respondent.

6. The landlord covenants to insure (Clause 5.2) "maintain, repair, redecorate, renew…and improve" the structure, service media, machinery and plant and non-demised and common parts (5.3) and light and clean the common parts (5.4). The common parts are defined broadly in schedule 9.

7. Clause 7.1 contains the leaseholder's covenant "to pay the Service Charge during the Term by equal payments in advance in the same manner in which the Specified Rent is payable under this lease." That means monthly in advance on the first day of each month (clause 2).

8. Clause 7.3 goes on to provide that the service provision "shall consist of a sum comprising the expenditure estimated by the [landlord] as likely to be incurred in the Account Year by the Landlord for the matters specified in Clause 7.4 (Service Provision) together with [the sinking fund etc]".

9. The relevant expenditure is set out in clause 7.4 to include the costs of the landlord's clause 5 covenants, and other costs such as that of compliance with notices, fees paid to professionals etc.

10. The Service Provision is to be calculated before the start of the Account Year (the year ending on 31 March (schedule 9)) and covers the landlord's expenditure on the clause 5 covenants, compliance with legal requirements, the cost of various professionals employed "in connection with the management or maintenance of the Building", rates etc and "administrative charges" for grants, provision of information etc (clause 7.4). There is also provision for a reserve fund (clause 7.3).

11. There is no express provision for reconciliation of estimated and actual expenditure and the claiming of deficits or crediting of surpluses.

The hearing

Introductory

12. The Respondent was represented by Mr Vere-Stokes, the Respondent's head of property investment and compliance, and Ms Douglas, leasehold and service co-ordinator.

13. The Applicant did not appear at the hearing. He was contacted by telephone by a member of the court staff, who reported that he said that he had forgotten about the hearing, that he was in London, and that he was happy for the hearing to go ahead without him.

14. We considered that we should proceed in the absence of the Applicant under rule 34 of the Tribunal Procedure (First-tier Tribunal)(Property Chamber) Rules 2013. Mr Nangle did not suggest that he had not had notice, and we were satisfied that he had. In the circumstances, including that Mr Nangle had explained that he had forgotten about the hearing, and his consent to proceed, we concluded that it was in the interests of justice to do so.

15. We explained to the Respondent's representatives that in general it is for an applicant to provide a prima facie case that a charge was unreasonable or not payable under the lease, and that the onus then passed to the landlord to establish reasonableness or payability. Where the Applicant was absent, the Tribunal would put to the Respondent those issues in respect of which the Tribunal, on the papers, considered that there could be a prima facie case. We did so with reference to the headings in the Scott schedule supplied in the Applicant's bundle. We were assisted at

the hearing by paper copies provided by the Respondent of the spreadsheets that had been presented in the bundle in a form that was not readily useable.

Fire safety

16. The Applicant made two claims in respect of fire safety provision, in relation to both service charge years. First, he claimed that it was necessary for the landlord to undertake a consultation process under section 20 of the 1985 Act in respect of the expenditure involved. Secondly, he made a generalised objection to the amount charged for the services.

17. In respect of the section 20 argument, the Respondent argued that the provision was not a set of works which should be amalgamated to constitute a single set of works, citing *Phillips and another v Francis and another* [2014] EWCA Civ 1395.

18. We do not consider that the Applicant raises a prima facie case in respect of section 20. The work covered was largely the testing of fire safety equipment (alarms and emergency lights), with some servicing of that equipment. For the purpose of the expression "works on a building" in section 20 and section 20Z, the works must be physical work on a building: *Paddington Walk Management Ltd v Governors of Peabody Trust* [2010] L & tr 6; *Rose v Bracknell Gate Properties Ltd* [2025] UKUT 386 (LC), [2026] H.L.R. 11. The testing of fire alarms and emergency lighting does not come within this characterisation. We doubt if serving the equipment does either, but even if it did, the servicing alone would not trigger the section 20 threshold. If we are wrong about this, we would accept the Respondent's submissions.

19. As to reasonableness of amount, Mr Vere-Stokes told us that there were weekly fire alarm tests, and monthly emergency lighting drop tests, which Mr Vere-Stokes told us would usually take about two hours. The systems were serviced every six months. In 2024/25, there were, in addition front door fire door tests annually.

20. The Respondent accepted that the actual costs did increase significantly in 2023/24. It appears that the reason for this was that in early 2023, the previous contractor, Fal Fire, withdrew mid-contract, and another, Harmony, stood in at short notice. Our inference is that in this situation, the Respondent was in a weak market position vis a vis Harmony, who may have taken advantage. The Respondent sought an alternative method, and introduced the Fire and Maintenance Assistant (FMA) role as an in-house resource for testing. Servicing remains contracted out, but, we were told, the new arrangement significantly reduces costs.

21. We turn to our conclusions on reasonableness of the fire safety service element of the service charge.

22. First, we think that the per visit charges made are not ones that we can find to be unreasonable. We extend this conclusion to the possibly inflated figures charged by Harmony after they took over the contract, and before the FMA system was introduced. In our view, the Respondent was faced with what was in effect an emergency situation where they had to secure a service at short notice in what, we surmise, is unlikely to be a very crowded market.

23. Secondly, however, we do not think that the frequency of testing is reasonable. We were told that the frequency was a standard one that the Respondent imposed throughout its substantial portfolio of properties in Cornwall. Our understanding was that this standard applied equally to all properties, and to short-term letting as well as long leaseholds.

24. We must determine what is a reasonable frequency for this property, under this lease. It is a small block of only three flats. Neither of the members of the panel had come across weekly testing of a fire alarm in either the private or the social sector in anything like a comparable setting before. We consider that the most frequent testing regime was one that required testing of all alarms in a single monthly visit.

25. We had some doubts as to whether a monthly drop out test of the emergency lighting was also too frequent, but on balance concluded that it would not be justified for us to substitute a quarterly test.

26. We do not think that the cost of servicing, or, in 2024/25, fire door testing, can reasonably be challenged.

27. *Decision*: The cost of individual jobs charged was not unreasonable. The cost of testing the fire alarms should be reduced by a percentage representing monthly rather than weekly testing. Monthly testing of the emergency lighting is not unreasonable.

Overlapping fire safety codes

28. The Applicant argued that there were three numerical codes used in the accounts in relation to fire safety, which overlapped and could lead to over charging.

29. The Respondent explained, both in its response to the Applicant in the bundle and orally, through Mr Vere-Stokes, that the Respondent's account office used a number of precise codes whereas the leaseholder-facing material used broad, descriptive terms. There was no overlap or conflict.

30. It is doubtful whether the mere speculation that the codes might lead to double charging amounted to a prima facie case. In any event, we are satisfied by the Respondent's explanation.

31. *Decision*: the use of more than one accounting code for fire safety services is not unreasonable and did not lead to any unreasonable outcome.

Communal cleaning

32. The Applicant made challenges to the cleaning costs in both years on a parallel basis to those in relation to fire safety.

33. For the same reasons, we do not find a prima facie case that a section 20 consultation was necessary.

34. The cleaning service is provided in-house. The per visit costs, at £20.09 in the first year and £22.26 in the second we find to be reasonable, applying the Tribunal's collective experience of cleaning costs in the context of service charges. It is not plausible that any professional cleaning company would charge less than these sums if the work were to be contracted out for a visit, however limited the cleaning itself would be. We do not consider that the absence of competitive tendering invalidates the charge, contrary to another challenge raised by the Applicant.

35. However, again we consider that a weekly visit is unnecessary. These are small blocks, which we can assume have very limited internal common areas. Three flats will generate very limited footfall. Mr Vere-Stokes told us that, since the period covered by the application, the Respondent had commenced, as an experiment, fortnightly visits. We do not consider that that goes far enough. One visit a month would be reasonable.

36. If there were to be only one visit a month, we anticipate that it would involve the cleaner spending more time on site, which would in turn increase costs somewhat. Valuing such a countervailing factor can be no more than approximate, but we consider that reducing the cost by two thirds, instead of somewhat more than three quarters, would be an appropriate way to express it.

37. *Decision*: The per visit fee for cleaning is reasonable. The number of visits is not, and should be reduced to once per month.

Facilities and management assistants 2024/25

38. The Applicant challenged the charges relating to the FMAs in 2024/25.

39. We were told that the FMAs had taken over fire alarm testing from April 2024. There had, however, been no charge levied in respect of them in 2024/25. There would be a deficit charge for them in 2026/27, with the result that there would be double the normal annual charge in respect of this service in that year. It appears that the Applicant, who would now be aware of the 2026/27 budget, had misunderstood the situation, and

assumed that the higher charge was for a single year, and was the same for 2024/25.

40. We accept the evidence of the Respondent that the FMA system of in-house testing is more economical than the earlier contracted-out service provided by the Respondent.

41. *Decision*: service charges referable to the FMAs are not unreasonable.

Environmental maintenance

42. The Applicant's objection under this heading was also based on the use of different budgeting codes for the same narrative descriptor, and we reject it for the same reasons as we give under overlapping fire safety codes above.

43. *Decision*: the use of more than one accounting code for "environmental maintenance" is not unreasonable and did not lead to any unreasonable outcome.

Communal repairs

44. In part, this heading repeats the objection based on budgeting codes, and is rejected on the same basis as above.

45. It is also said that it was unreasonable because it was conducted by a "related-party contractor" and there had been no competitive tendering. There is nothing in a landlord using in-house resources which gives rise, on its own, to a prima facie case.

46. *Decision*: the use of more than one accounting code for "communal repairs" is not unreasonable and did not lead to any unreasonable outcome. There is no prima facie case of unreasonableness based on the use of in-house resources alone.

External maintenance

47. The objection is again to a "related-party contractor". As above, the landlord is entitled to provide a service in-house, and there is nothing else to suggest unreasonableness.

48. *Decision*: There is no prima facie case of unreasonableness based solely on the use of in-house resources.

Sinking fund: bike store replacement

49. The Applicant contended that there was no such facility as a bike store, and so the collection of funds in the sinking fund for its replacement was misplaced.

50. Ms Douglas explained that the Respondent used a schedule of items that required the collection of funds for lifetime replacement. One was listed as "bike store" and a second as "bin store". In fact, there was a fenced area, initially divided into two parts, one of which was designated as a bike store, the other as a bin store. At an early stage, they were consolidated, but the consolidated space continued to be referred to as the bike store. The call on the sinking fund was only for the replacement in due course of the fencing. The Respondent had now agreed to refer to it as the bin store, at the instance of the Applicant and other leaseholders. A further nomenclatural idiosyncrasy was that the floor of this area was a concrete slab, and was in some contexts referred to as the patio, an objection to which the Applicant made initially, but did not repeat in his Scott schedule entries.

51. We accept the evidence of Ms Douglas as to the nature of the facility provided. Once this is understood, we consider that the Applicant's objection falls away.

52. *Decision*: The collection of funds in the sinking fund for the renewal in due course of the fencing constituting the bin store, as now described, is reasonable.

Reconciliation and the lease

53. As we note above, the lease makes provision for the setting of an estimate of the service charge before the start of a service charge year, but does not make express provision for reconciliation of estimated and actual costs. In the course of the hearing, it became evident that it was necessary for us to understand how the Respondent dealt, in practice, with reconciling estimated and actual expenditure.

54. Ms Douglas explained how the Respondent handled reconciliation. In respect of, for instance, 2023/24, it became apparent that some of the actual costs were higher than those estimated after the end of the service charge year, so the relevant adjustment – in this case, an increase in monthly service charges – would be made in the next available year, that is, 2025/26. The general pattern was thus that deficits and surpluses relating to year 1 would be dealt with by adjusting payment of service charges in year 3.

55. This description of itself raised the issue of whether the lease justified this form of reconciliation.

56. The Tribunal accordingly considered whether we could or should raise the issue of the compliance of this mode of operation of the lease.

57. The case law on when the Tribunal may raise an issue of its own initiative is comprehensively discussed in the recent case of *Sovereign Network Homes v Hakobyan and others* [2025] UKUT 115 (LC), [2025] 1 W.L.R.

3782 (and we also note the subsequent case of *Monier Road Limited v Blomfield and others* [2025] UKUT 157 (LC). It is not necessary for us to summarise that discussion here.

58. For current purposes, it reminds us that such instances will be “rare” (see also *Birmingham City Council v Keddie* [2012] 3 EGLR 53). The judge (Edwin Johnson J, Chamber President) also referred to the long established rule that, if it does introduce a novel point, the Tribunal must give the parties an appropriate opportunity to address the issue. He also introduced a new procedural approach, according to which the Tribunal should invite the party likely to be benefitted from the introduction of the issue to amend its statement of case to include the new issue. Finally, the new point must have a reasonably close relationship with the issues raised by the parties in the application.

59. We concluded that this was such a case. In doing so, we were influenced by the case of *Admiral Park Management Company Limited v Olufemi Ojo* [2016] UKUT 421 (LC). In that case, the landlord had purported to operate the service charge system in a way that was not provided for in the leases. The judge in that case (Martin Rodger KC, Deputy President) found that

> “departure from the scheme of accounting required by the lease was so fundamental that it was both proper and inevitable ... that the FTT should raise the issue at the hearing. ... The fact that [the leaseholder applicant/Respondent on appeal] may not have appreciated that the services charges were being demanded on a different basis from the lease did not require the FTT to shut its eyes to an obvious and potentially fatal irregularity.”

To deal with the relevant issue, the Deputy President found, was “within the broad question which the FTT was required to determine”.

60. We add that *Admiralty Park* was cited approvingly a number of times in *Sovereign Network Homes*.

61. Our view is that, if the way in which the lease was operated in this case was wrong, then that error would closely mirror the error in *Admiralty Park*. It was right, therefore, for us to seek to explore it.

62. We were not able to invite the Applicant to amend his statement of case (perhaps, in practical terms, his Scott schedule) to include the issue, as he was not present. However, the terms in which he made written submissions (see below) were such as to amount to him accepting and running with the potential point.

63. We accordingly drew the potential issue to the attention of the Respondent orally, and made provision for both parties to provide us with written submissions.

64. We did so in the form of further directions, which invited responses to two questions:

> "Is there provision in the lease for the reconciliation, that is, for a comparison between estimated and actual costs referable to the service charge, and a mechanism for crediting leaseholders where the estimated costs were higher than the actual cost, and debiting or making further demands where the estimate is lower than the actual costs?
>
> The Respondent's practice is to compare an estimated cost and the actual cost for a budget line, and where there is a deficit, to include that deficit in the service charge demand in a future year (that is, the next but one year after the initial deficit was experienced). Is this practice allowable under the lease?"

65. Both parties provided written responses.

66. The Applicant, in a brief response, answered the first question in the negative. In respect of the second question, he argued that the Respondent's practice could only be allowable if authorised by the lease, and it was not so authorised.

67. The Respondent had taken legal advice from its solicitors, and quoted that advice in its written submission. It argued that, while there was no reconciliation clause in the lease, there was an obligation on the leaseholder to contribute to the expenses of the landlord, specifically in clause 7.4, relying specifically on the reference there that the service provision "shall comprise all the expenditure reasonably incurred by the landlord …".

68. Where the landlord's costs exceeded the estimates, the response argued, the difference remained recoverable.

69. In respect of the second question, the submission argued that the reference to the estimate constituting expenditure "likely to be incurred in the Account Year"

> "governed the preparation of the annual estimates, rather than the scope of the costs recoverable by Coastline from the leaseholder. It does not qualify or restrict the broader obligation in Clause 7.4 … to contribute to all expenditure reasonably incurred by the Landlord and to pay the Service Provision.
>
> To construe the Lease as imposing a strict year-by-year cap would mean that costs properly incurred by the Landlord could not be recovered solely because they were underestimated, which would be inconsistent with the underlying scheme of the service charge provisions - namely that the Leaseholder is to pay the Service Provision."

70. We agree with the Respondent that it is clear from the terms of clause 7 that the intention is that the full costs expended by the landlord should be recoverable. We also agree that the procedure for estimates set out in the lease was inconsistent with the underlying scheme of the service charge, which is evidently that the landlord should be fully recompensed by the service charge for relevant expenditure.

71. However, we doubt the Respondent's account of the estimate making process. It is "the Service Provision", of which the service charge is a leaseholder's contribution, which is specified to be "a sum comprising the expenditure estimated by [the landlord] as likely to be incurred in the Account Year…". The service charge is derived from the Service Provision, and it is difficult to see how, if we take these provisions strictly, the "service provision" – ie the estimate – can also include deficits from the year before last, when it is defined solely in terms of likely expenditure in the coming year.

72. So the leaseholder's covenant and the methodology for setting the next year's service charge are directly in conflict, in every year in which the estimate is not exactly accurate.

73. In our view, this direct contradiction cannot be what the parties should be taken to have intended or agreed. It is not merely a bad bargain. It is an incoherent system.

74. We consider that the appropriate response is to conclude that there must be an implied term that the estimate – the service provision – may include an element of deficit or surplus where a previous year's estimate was not accurate.

75. Having decided that we should consider the novel issue exemplified in the questions we provided to inform the written submissions, our conclusion is that the way in which the lease is currently in operation is allowable and satisfactory.

76. *Decision*: it is an implied term of the lease that the estimated service provision may take account of a deficit occurring in a previous year, and may take account of a surplus occurring in a previous year.

77. There was no claim based on section 20B of the 1985 Act before us. We note that, given the leap-frogging of a year in the Respondent's practice, it is possible that, without appropriate steps being taken, that provision might cause an issue for the system as currently operated.

Applications for additional orders

78. The Applicant applied for an order under section 20C of the 1985 Act that the costs of these proceedings may not be considered relevant costs

for the purposes of determining a service charge; and an order under paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002 extinguishing any liability to pay an administration charge in respect of litigation cost in relation to the proceedings.

79. Mr Vere-Stokes told us that the Respondent did not intend to pass on the costs of the proceedings either through the service charge or as an administration charge. We make the orders sought to secure this undertaking, with the agreement of the Respondent.

80. *Decision*: The Tribunal orders

(1) under section 20C of the 1985 Act that the costs incurred by the Respondent in proceedings before the Tribunal are not to be taken into account in determining the amount of any service charge payable by the Applicant; and

(2) under Commonhold and Leasehold Reform Act 2002, schedule 11, paragraph 5A that any liability of the Applicant to pay litigation costs as defined in that paragraph be extinguished.

Rights of appeal

81. 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 Southern regional office. The application should be on form RP-PTA, which is available on the Tribunal's website, or by application to the case officer.

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

83. If the application is not made within the 28 day time limit, the 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 these reason(s) and decide whether to allow the application for permission to appeal to proceed despite not being within the time limit.

84. The application for permission to appeal must identify the decision of the Tribunal to which it relates, 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.

Name: Judge R Percival **Date:** #

APPENDIX: SOURCES FOR FREE LEGAL MATERIALS

Legislation

The legislation referred to in this decision may be found at:

https://www.legislation.gov.uk/ukpga/1985/70
https://www.legislation.gov.uk/ukpga/2002/15/contents

Case Law

The dedicated website for Upper Tribunal (UT) cases, which are binding on this Tribunal, is:

https://landschamber.decisions.tribunals.gov.uk/Aspx/Default.aspx

The search engine does not allow for free text searching. Sufficient information to use the provided search engine (such as the date of the case or the parties' names) may be available via a google search.

Alternatively, the official National Archive website is at:

https://caselaw.nationalarchives.gov.uk/

This has a better search engine, but does not contain UT decisions before 2015, and there may be gaps in its provision thereafter.

The National Archive website can also be used for finding cases in higher courts, including those referred to in UT decisions.

Alternatively, many UT decisions, and most other important cases in all courts, are available on:

https://www.bailii.org/ .

Bailii stands for British and Irish Legal Information Institute. It is a charity that has published free caselaw for many years, and has in some cases loaded up earlier case law.