	**FIRST - TIER TRIBUNAL** **PROPERTY CHAMBER** **(RESIDENTIAL PROPERTY)**
Case Reference	**HAV/43UB/MNR/2026/0151**
HMCTS – CVP Hearing	**28 September 2026**
Property	**11 Prince's Drive, Oxshott, Near Leatherhead, Surrey, KT22 0UL**
Tenants (Applicants)	**Mrs C W Layton and Mr D C Layton**
Tenants' Representative	**None**
Landlord (Respondent)	**Ms K Hallard**
Landlord's Address	**Bramhall, 19 Sandown Avenue, Esher, Surrey, KT10 9NT**
Landlord's Representative (Assistant)	**Mr T Walby**
Date of Application	**14 May 2026**
Type of Application	**Determination of a Market Rent, sections 13 & 14 of the Housing Act 1988**
Tribunal Members	**Mr J G G Wilson MRICS – Chair** **Mr E Shaylor MCIEH**
Date of Decision	**28 September 2026**
Rent Determined	**£4,525 per calendar month**
Date the new rent takes effect	**19 May 2026**

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REASONS FOR THE DECISION

Background

1. On 17 April 2026 Ms Kerry Hallard served a notice under Section 13(2) of the Housing Act 1988 ('the 1988 Act') which proposed a new rent of £7,000 per calendar month (pcm) in place of the existing rent of £5,000 pcm to take effect from 19 May 2026.

2. On 14 May 2026 under Section 13(4)(a) of the 1988 Act, Mrs Claire Layton on behalf of the joint tenants referred the landlord's notice proposing a new rent to the Tribunal for determination of a market rent. Mrs Layton's online MR1 form is dated 14 May 2026.

3. It is not necessary for the Tribunal to rehearse the various correspondence and Directions associated with this application suffice to say it was listed for a hearing to be held online via a Cloud Video Platform ('CVP') on 28 September 2026, to commence at 10.00 AM.

4. At the hearing Mrs Layton represented herself and informed the Tribunal that Mr Layton was off screen, but listening. Ms Hallard also represented herself; with Mr Walby to assist. Ms Hallard confirmed to the Tribunal that Mr Walby had assisted her throughout the application and that the Tribunal Service had been informed in advance of his attendance at the hearing. Whereas the Tribunal had not received notice of the same, having received confirmation from Ms Hallard that Mr Walby was there to assist her and there being no objection to the same from Mrs Layton in respect of these proceedings, the Tribunal determined Mr Walby could assist Ms Hallard at the hearing.

5. As a part of its introduction to the hearing, the Tribunal informed the parties that such was the size, nature of assembly and timing of sending the two bundles, which comprised 682 pages in aggregate, it was necessary to confirm the contents of the same and to confirm that each party had been in receipt of each party's submissions. Pursuant to this exercise, the Tribunal was required to determine Mrs Layton's Order 1 application and requests for case management or other interim orders, dated 21 September 2026.

<u>Order 1 Application</u>

6. It is not necessary for the Tribunal to outline Mrs Layton's Order 1 application in detail, but to say that at section 5, her subparagraph 3, it says, 'In the alternative, if the hearing is not postponed, that I be permitted to file a concise written reply confined to the new matters, by a date before the hearing, in fairness in light of the new submissions by the landlord.'

7. The Tribunal gave Directions dated 23 September 2026. For the reasons set out therein, the hearing would not be postponed; and that should the tenants wish to seek permission to adduce further evidence in response to the landlord's response, such evidence should be provided to the landlord as soon as possible and should be raised at the outset of the hearing (paragraphs 9 and 10).

8. Mrs Layton gave her further evidence dated 24 September 2026; which the Tribunal had read, in addition to the main bundle, prior to the hearing. At the Tribunal's request, Mrs Layton gave a brief submission to the effect there was no new evidence in her further evidence and that it was limited to replies to the landlord's submissions. Ms Hallard intimated that she had had insufficient time to review the contents of Mrs Layton's further evidence.

9. The Tribunal's overriding objective, set out in rule 3 of the Tribunal Procedure (First-Tier Tribunal) (Property Chamber) Rules 2013 ('the 2013 Rules'), is to deal with cases fairly, justly and proportionately. Such is the volume of correspondence and the size of the bundle this application has taken up considerable time hither to. The Tribunal had received the further evidence at the same time as Ms Hallard and had read the same prior to the hearing. The Tribunal having satisfied itself there is no new evidence in Mrs Layton's further evidence, and that Ms Hallard had been given the opportunity to give her submissions following the processes set down, determined it was in the interests of justice for the hearing to go ahead and that the further evidence be admitted into the bundle.

Validity of the Notice

10. In her MR1 application form Mrs Layton has given submissions that she considers the notice to be invalid. Mrs Layton says, 'The notice is legally defective and void because the proposed rent increase does not start on the first day of a tenancy period…'

11. At the commencement of the hearing both parties confirmed the question of the validity of the notice is extant. The Tribunal informed the parties in the interest of time management the hearing would proceed to hear the evidence on the rent to be determined; and that both parties would be given the opportunity to give any submissions on the validity of the notice in their closing submissions. It is not necessary for the Tribunal to expand on the parties' submissions, suffice to say Mrs Layton asked how the Tribunal intended to reflect the Court of Appeal's decision in *Christopher Mooney v Karen Victoria Whiteland* [2023] EWCA Civ 67 (referred to as '*Mooney*' in this decision) in its decision.

12. It is necessary for the Tribunal to expand briefly on *Mooney* in the context of this application. At paragraph 46 of its decision, the Court of Appeal say, '…it is clear

that the rent assessment committee does not have jurisdiction to determine the validity of a section 13 notice. That is a matter for the court.' At paragraph 48 the Court of Appeal go on to say, 'That is not to say that a rent assessment committee may not sometimes need to take a view whether a notice is valid. If it considers that a notice is invalid, it may decline to proceed until the question has been determined by the court. Conversely, if it considers that a notice is valid and that objections are without substance, it may proceed to determine the appropriate rent, but its determination will not prevent a tenant from disputing the validity of the notice.'

13. The Tribunal considers the notice to be valid for the reasons set out by the Ms Hallard in her Rents 1A dated 8 June 2026, Appendix A, section 2.2, subparagraphs (a), (b), (c), (d) and (e), with the accompanying documents. As this Tribunal's jurisdiction is limited to the determination of the rent under sections 13 and 14 of the 1988 Act, and to follow *Mooney*, it is not necessary for it to expand further on the question of the validity of the notice.

Allocation of Repairs between Landlord and Tenants

14. The Tribunal has been provided with a copy of the tenancy agreement which has been signed electronically by the parties on the 13th and 14th of August 2024.

15. The tenants are required, inter alia: to take all steps and do all minor things required to care and keep the property and all its fixtures and fittings in a clean and tidy condition; to keep the property adequately ventilated, heated and cleaned to prevent damage from condensation; to prevent any infestation caused by negligence; to keep clear all gutters, sewers or cesspits drains, sanitary apparatus, water and waste pipes free of obstruction; to unblock any drains, gutters, down-pipes…; to take reasonable care of the property throughout the whole tenancy keeping the interior, fixtures and fittings and decoration in the same condition as stated on the inventory and schedule of condition; and to maintain the garden (in effect), which includes to cut the grass regularly and according to the season.

16. The landlord agrees to maintain any boundaries, hedges, shrubs and trees at the property, including cutting and trimming when necessary.

17. The landlord is required to comply with sections 11 to 16 of the Landlord and Tenant Act 1985 (as amended by the Housing Act 1988) and the Homes (Fitness for Human Habitation) Act 2018.

Services or furniture provided by Landlord (other than carpets and curtains and white goods specified below) and the costs relating to the same.

18. Mrs Layton says there are neither any services, nor furniture provided in the tenancy. In her answers to questions at the hearing, Ms Hallard said there are some of the landlord's chattels, left at the property by agreement, for which there is no inventory.

Liability for Council Tax

19. The tenants are responsible for the payment of Council Tax.

Any other terms of the tenancy taken into consideration in determining the rent.

20. The Tribunal notes the tenancy was an assured shorthold tenancy, for a term of twelve (12) months, from 16 August 2024, with a mutual break clause effective after 6 (six) months. Hence, it became a monthly periodic tenancy from August 2025, in the absence of a new fixed term tenancy at that time.

21. In addition, the Tribunal notes the tenants are required to give access to the property for 'Sales Viewings' at reasonable notice any time during the Tenancy, being at 24 hours' notice in writing.

Inspection/Hearing

22. In her MR1, Mrs Layton said that both an inspection and a hearing were necessary. Correspondingly, Ms Hallard had no reason to think a hearing is required; and at paragraph 2.6 of Appendix A to her Rents 1A gave submissions to the effect an inspection is unnecessary too.

23. The Tribunal gave its refusal to the request for an inspection in this case in its decision dated 24 June 2026. The Tribunal subsequently gave Directions dated 28 July 2026 that the case is to be listed for a CVP hearing at a future date (paragraph 14).

The Property

24. The Tribunal has been provided with a copy of outline particulars for the property at Document H of the landlord's Rents 1A. The particulars include floor plans and three external photographs.

25. Mrs Layton describes the property as a 'fully detached house.' During the hearing the parties agreed the property to have an area of 332 square metres (3,574 square feet) taken from the EPC dated 4 September 2020. At clause 4 of the tenancy agreement the property includes: a private driveway, a garage, gardens

or grounds, a balcony and a private garden. At clause 5 of the same, the excluded areas are a hot tub and stables.

26. At the hearing the Tribunal was taken to 'Specially negotiated clauses', clause 11, Exclusions AST and NHA, which includes references to the stables and the hot tub. At Appendix 1 is an aerial photograph which shows the demise outlined in 'red', and the excluded area outlined in 'yellow'.

27. During the hearing the property was described by Mrs Layton to comprise four or five bedrooms; which the Tribunal subsequently understood to mean there are four bedrooms on the first floor, and a study/fifth bedroom on the ground floor.

Evidence and the Hearing

28. The bundle(s) in this application comprises 682 pages and has been read in full by the Tribunal. The Tribunal limits its discussion on the bundle(s) to that relevant for it to reach its determination of the rent.

Mrs Layton's MR1, Rents 1B and further evidence

29. In their MR1, Mrs Layton says the property is legally unfit for human habitation, backed by a CPR expert report. Mrs Layton describes the property's indoor features as, 'Gas Central Heating, Double Glazing, No insulation, Carpet, Carpet to Bathroom, Tiles to Kitchen and Utility [sic]'. Under 'What other facilities does your tenancy include?', Mrs Layton says, 'Garage – currently in a state of disrepair with a leaking garage roof in 3 different parts as identified in CPR surveyors report and Sussex Damp Report along with her own contractor's report when undertaking a Landlord inspection. Garden – Maintained by tenant [sic]'.

30. Under 'What do you think is the monthly market rent you should pay?', Mrs Layton says £3,000. Mrs Layton's reasons for the same include: the premises are legally unfit for human habitation; it is impossible to provide open-market rental comparables based on the property's actual current condition; and the rent must be substantially decreased to reflect the heavily diminished utility, discomfort, and health risks caused by the landlord's failure to maintain the premises. Mrs Layton goes on to say she has no evidence to upload to support her proposed market rent.

31. Hardship – Mrs Layton says a 40% rent increase to £7,000 per calendar month would cause severe financial and practical strain. Mrs Layton says she has evidence to upload to show how the tenants would experience hardship and attaches: a Directions order dated 23 March 2026; a Neil Marsden report dated 9 February 2026; and a Sussex Damp Experts' Report dated 8 December 2025. The Tribunal notes at this juncture the evidence that Mrs Layton has uploaded

does not show how the tenants would experience actual hardship within the meaning of section 14 of the 1988 Act.

32. In their Rents 1B dated 22 June 2026 the tenants set out their replies to the landlord's Rents 1A in a covering letter and accompanying documents.

33. Market Rent Evidence - the tenants say greater weight should be attached to the marketing history of this property and evidence of rents achieved as evidenced by a property in Montrose Gardens in their evidence bundle.

34. The tenants refer to the letting of the property at £5,000 pcm, its condition, the special conditions contained within the AST regarding sales viewings, and the specific circumstances existing at the valuation date.

35. Under the heading 'Redevelopment and Other Relevant Circumstances' the tenants say the landlord's redevelopment intentions are relevant circumstances when assessing market rent; and that these intentions must be considered alongside the condition disputes and a formal housing conditions claim. The Tribunal addresses these submissions later in its decision.

36. The tenants say the evidence before the Tribunal does not support the proposed increase in rent. There is also a 'specially negotiated' clause to allow for sales' viewings of which the Tribunal should be aware. The tenants conclude to say the proposed increase in rent is unsupported by the market evidence provided, taking into consideration the size of the property available for their use, its condition, and the landlord's explicit commercial intentions.

37. Montrose Gardens – within their main bundle the tenants have provided the lettings' particulars, which include both internal and external photographs and floor plans of a nearby detached house, with six bedrooms, three bathrooms, 4,412 square feet, fully refurbished on the Crown Estate which let in April 2026 for £7,000 per calendar month, an equivalent £1.58 psf pcm.

38. On disrepair at the property, the Tribunal is referred to: the Sussex Damp Experts' report dated 8 December 2025; various photographs of the property both internal and external; the Neil Marsden Associates survey report dated 9 February 2026; and a letter of claim dated 25 November 2025 with respect to 'Housing Disrepair & Fitness for Habitation', with its associated photographs.

39. In their further evidence dated 24 September 2026 the tenants say the same is directly relevant to two issues: (1) whether the landlord's notice of proposed increase is valid; and (2) whether the proposed 40% increase reflects the market rent on 19 May 2026. For the purposes of this decision, the Tribunal has given its determination on the question of the validity of the notice.

40. The tenants have set out their further evidence in a schedule. The Tribunal limits its discussion to the points which have not been outlined hither to and relevant to reach its determination of the rent.

41. The tenants say, inter alia: (1) official ONS data shows that rental values for four bedroom plus houses in Elmbridge fell 1.1% between July 2024 and May 2026; (2) 16 Broomfield Ride – see below; (3) JG Pest Control reports dated December 2025 and January 2026; (4) further photographs taken on 24 September 2026; and (5) reference to the leaking garage roof and defective balcony doors.

42. 16 Broomfield Ride is the property the tenants let prior to their letting of the subject property. The Tribunal has been provided with a copy of the lettings particulars which include both internal and external photographs and floor plans. In outline the house comprises six bedrooms, five bathrooms, 5,936 square feet, on the Crown Estate, and was let unfurnished in July 2023 at £5,000 pcm, an equivalent £0.84 psf pcm.

Ms Hallard's Rents 1A and further submissions

43. In her Rents 1A dated 8 June 2026 Ms Hallard confirms that Ms Tahmina Jany of Shakespeare Martineau LLP is her representative. The Tribunal notes that whereas Ms Jany has submitted the Rents 1A and further submissions, she did not attend the hearing.

44. Ms Jany says the landlord neither agrees the details of the tenancy, nor the details in their application, nor the proposed rent, given by the tenants. Ms Jany confirms the landlord still wishes to charge the rent proposed in her section 13 notice.

45. The landlord's detailed response is at Appendix A of her Rents 1A.

46. At Document H are the landlord's rental price comparisons; which are detached properties currently advertised for rental in Oxshott and have been assessed on a pounds per square foot basis. The Tribunal understands this to mean on a 'pounds per square foot, per calendar month ('psf pcm')' basis. The properties analysed range from £1.91 psf pcm to £2.82 psf pcm, with an average of £2.29 psf pcm. Ms Jany concludes to say the proposed new rent equates to approximately £1.74 psf pcm, which is significantly below both the lowest currently advertised property and the average for the Oxshott area. Ms Jany goes on to say the property is situated in a highly desirable location on a private road. At this juncture the Tribunal notes the reference to £1.74 psf pcm is set out adjacent to the property particulars provided at Document H.

47. The comparable properties provided by the landlord, available to let as advertised on Rightmove on 18 May 2026, for which outline lettings' particulars with photographs have been provided, are summarised with the associated analyses as follows:

    1) Bird's Hill Road, Oxshott, KT22: a detached house, seven bedrooms, seven bathrooms, £27,000 pcm, 9,548 square feet - £2.82 psf pcm.

    2) Queen's Drive, Oxshott, KT22: a detached house, seven bedrooms, six bathrooms, £35,000 pcm, 12,822 square feet - £2.73 psf pcm.

    3) Fairoak Lane, Oxshott, KT22: a detached house, six bedrooms, five bathrooms, £9,000 pcm, 4,378 square feet - £2.05 psf pcm.

    4) Queen's Drive, Oxshott, KT22: a detached house, seven bedrooms, six bathrooms, £20,000 pcm, 10,443 square feet - £1.91 psf pcm.

    5) Silverdale Avenue, Oxshott, KT22: a detached house, four bedrooms, two bathrooms, £5,250 pcm, 2,119 square feet - £1.92 psf pcm.

48. Ms Jany says the tenants' claim that the property is legally unfit for human habitation is completely denied. Ms Jany gives outline details on the two inspections of the property carried out by Elmbridge Borough Council in October 2025 and November 2025, and the report of Neil Marsden dated 9 February 2026. The tribunal expands on the issue of condition and disrepair later in this decision.

49. Ms Jany says the tenants' allegations of disrepair have not been substantiated by any statutory authority; and that following Elmbridge Borough Council's inspections, no enforcement action was taken. Ms Jany concludes to say the landlord submits that the disputed allegations of disrepair should carry little, if any, weight in the Tribunal's assessment of the market rent.

50. Hardship – Ms Jany has given replies on the tenants' submissions that the proposed rent increase to £7,000 per calendar month would cause them severe financial and practical strain. It is not necessary to outline the landlord's replies, suffice to say the Tribunal notes Ms Jany's submission that should the Tribunal decide to give any weight to financial hardship in this case, a full disclosure of the tenants' financial position and asset ownership should be required before any such consideration is given.

51. In her response to the tenants' submissions dated 14 August 2026, Ms Hallard gives submissions, inter alia: to contend the condition of the property to be assumed at the valuation date; the tenants' repairing obligations; market rent

evidence; the redevelopment and other circumstances; to say the proposed rent is fair and justified; and has provided the Tribunal with photographs to show the condition of the property at the commencement of the tenancy.

52. Ms Hallard concludes to request the Tribunal to determine the market rent at £7,000 per calendar month, to be effective from 19 May 2026.

The Hearing

53. Both Mrs Layton and Ms Hallard (with Mr Walby's assistance) gave oral submissions and answers to questions from the Tribunal and each other, summarised as follows.

Mrs Layton

54. Mrs Layton reaffirmed her opinion of the market rent to be £3,000 pcm, which reflects the condition of the property and the terms of the tenancy to be assumed on 19 May 2026.

55. Mrs Layton confirmed the following items of disrepair to be outstanding on 19 May 2026: (1) the leak to the garage roof; (2) the problems associated with the lack of ventilation; (3) the balcony doors; (4) the leak into the sitting room; (5) condensation associated with the lack of ventilation and instances of mould; and (6) two faulty rings on the hob.

56. Mrs Layton went on to confirm that of the items of disrepair identified to date, the following had been resolved by 19 May 2026: (1) drainage; (2) the rodent infestation; (3) the sink/waste disposal unit in the kitchen; (4) the WC; and (5) some mould wash.

57. Mrs Layton confirmed her belief that the letting at Montrose Gardens is the comparable to which she attributes most weight as it is located nearby to the property, has been refurbished, has new bathrooms and has been redecorated. When asked how she knew the details of the letting, Mrs Layton replied she knows the Estate Agent.

58. Referring to 16 Broomfield Ride, Mrs Layton confirmed their letting at £5,000 pcm in July 2023; one year prior to their subsequent letting of the property at £5,000 pcm in August 2024. The Tribunal's understanding of Mrs Layton's point is that rental values of four bedroom plus houses in Elmbridge have been stable or even fallen slightly from July 2023 to May 2026; that the rental sums agreed of £5,000 pcm for both properties in July 2023 and August 2024 respectively, reflected the market rents at the time, and that it is common in the immediate area for lettings to be agreed at considerably less than the advertised rent.

59. Mrs Layton confirmed that in her opinion the term in the tenancy to provide access for sales viewings is an onerous provision; that is to say, the requirement has an adverse material effect on the market rent. In answering a question from Ms Hallard, Mrs Layton confirmed there had been no requests for access for a sales viewing hither to under the provision, but that did not detract from the effect of its inclusion.

60. It was established during Mrs Layton's questions that neither the swimming pool, nor the tennis court are within the demise.

Ms Hallard (with Mr Walby's assistance)

61. Ms Hallard reaffirmed her opinion that the proposed rent of £7,000 pcm for a hypothetical tenant to let the property again reflected the evidence collated; and that the property is a prestigious address, in a desirable position on the Estate, situated on a significant sized plot.

62. Ms Hallard confirmed the features of the property include central heating, white goods, and carpets, floor coverings and curtains. Ms Hallard went on to say the letting included some chattels, but there is no inventory to record the same.

63. It was established during Ms Hallard's questions that whereas the plot is circa 1.8 acres, that which is demised under the tenancy is circa 0.9 acres, and the landscaped area of the garden is within the demise. The exclusions of the hot tub and the stables were also confirmed.

64. Ms Hallard said that Savills, a blue-chip Estate Agent, had recommended the property be marketed to let at £8,000 pcm in 2024; and that £7,000 pcm was the current market rent. In answering Mrs Layton's question as to why Ms Hallard had agreed to let the property at £5,000 pcm at a time when Savills had recommended to market to let the property at £8,000 pcm, Ms Hallard replied that the letting was at a reduced rent because it was a 'short let' evidenced by the tenancy agreement; which was for a term of 12 (twelve) months, with a mutual break clause after 6 (six) months. Mrs Layton put it to Ms Hallard that it was not a reduced rent, but a market rent, because a tenancy of one year, with a break clause after six months, is not a short let. Ms Hallard disagreed.

65. Mrs Layton asked why a rental increase of 40% was being sought; to which Ms Haland said the rent of £5,000 pcm reflected a discount for what was a short term let.

66. Ms Hallard was asked why the rent had not been put up previously; she replied that hither to she had had no reason to put the rent up, but as the property had always been worth £7,000 pcm and under rented, now was the time to do so.

67. Mrs Layton put it to Ms Hallard that she had not provided any evidence of properties that had been let; Ms Hallard replied that the pounds per square foot analyses were well below those of let and properties to let on the Estate.

68. Ms Hallard said her decision to demolish what is a desirable house by way of securing planning consent was to reflect the fact that the property is not a typical neo-Georgian style of mansion associated with the Estate, for which there is an appetite for in the area. Re-building provided an investment opportunity.

69. Ms Hallard was asked whether the condition and defects in the house were the reasons for the decision to demolish it. Absolutely not, Ms Hallard replied. Ms Hallard went on to say the redevelopment works of a near-neighbouring property were based on the development opportunity, not due to the condition of the property.

70. Referring to Document 'H', rental price comparisons for detached properties in Oxshott, of Ms Hallard's evidence, Ms Hallard was asked whether a comparison of properties on a pounds per square foot (per calendar month) was a reasonable basis where there is such a divergence in asking rent and size. Mr Walby replied that the property in Bird's Hill Road had recently been let at £20,000 pcm, having been speculatively over-priced.

71. It was put to Ms Hallard that the subject property was out of kilter with the neo-Georgian mansion style of the comparable properties provided. It is an old-fashioned house. Ms Hallard replied that there were other comparable properties including that in Montrose Gardens which is similar to the subject property. Ms Hallard said it is fair to say there is a range of asking prices; however, the security at the property is preferred over that at Fairoak Lane which is adjacent to a busy road, and Mr Walby said that some of the floor area of Montrose Gardens was not habitable space, such as a cellar.

72. Ms Hallard was then referred to the three condition reports. Ms Hallard disagrees with the findings of the Neil Marsden report. The damp meter readings are skewed; in effect the readings have been falsified due to the meter having been held incorrectly when being taken. Ms Hallard accepted the photographs show there is mould on the walls; but as the tenants have not used the dehumidifiers correctly and ventilated the property, this has exacerbated the problem. There were no signs of mould before the tenants moved in.

73. Ms Hallard disagrees with the findings of Sussex Damp Experts' report too. For both this inspection and that of Neil Marsden, the landlord had not been in attendance. There are deviations in their findings in the report, for which they have not had the opportunity to discuss with the tenants.

74. Referring to Elmbridge Borough Council's report Ms Hallard said the damp and mould growth were Category 2 hazards, not Category 1; and all that is required is cleaning. These are issues the landlord and the tenants could resolve between themselves, not requiring the Council to take further action.

75. In her closing submissions Ms Hallard reiterated her opinion of the market rent of the property of £7,000 pcm on 19 May 2026; and no adjustment there to for condition.

76. Following Ms Hallard, Mrs Layton said there is no evidence to support a rent of £7,000 pcm for the property. £5,000 pcm is not a discounted rent. The landlord has acknowledged there are outstanding items of disrepair. £3,000 pcm fairly reflects the market rent for the property in its condition and the terms of the tenancy agreement. Mrs Layton concluded to ask how the Tribunal would reflect the Court of Appeal's decision in *Mooney*. On the latter point, the Tribunal has given its decision to follow the authority.

Discussion, Determination and Valuation

77. Whereas the Tribunal has read all the contents of the bundle (the papers), it limits its discussion and considerations to those points relevant to reach its decision on validity and determination of the market rent. At this juncture the Tribunal thanks the parties for their submissions, both written and oral, to assist in the determination of this application.

78. The Tribunal has dealt with the question of the validity of the notice, following the authority in *Mooney*, in paragraphs 10 to 13 inclusive above.

79. The Tribunal notes that whereas the valuation date is 19 May 2026, the section 13 notice was given on 17 April 2026. Accordingly for the purposes of this determination the Tribunal is to apply the legislation extant on 17 April 2026.

80. In the first instance the Tribunal is required to determine the market rent per calendar month which the landlord could reasonably expect to receive on the valuation date, 19 May 2026, on the assumptions the property was in good condition, with carpets (floor coverings), curtains, central heating, and white goods provided by the landlord.

81. In her MR1 Mrs Layton says the market rent should be significantly lower than the current rent of £5,000 per calendar month due to the condition of the property. Mrs Layton's opinion of the market rent is £3,000 per calendar month and goes on to say such is the condition of the property there are no direct open-market rental comparisons.

82. Subsequently Mrs Layton has provided the Tribunal with details of the letting of a detached house in Montrose Gardens, which is outlined in paragraph 37 above. Mrs Layton also refers to the letting of the property in August 2024 and the property the tenants rented previously in July 2023, 16 Broomfield Ride. As to market rents generally Mrs Layton has provided the Tribunal with an analysis drawn for ONS which shows that market rents for four-bedroom plus houses in Elmbridge have fallen by 1.1% from July 2024 to May 2026; being the period from their renting of the property to the valuation date.

83. Ms Hallard has provided the Tribunal with five comparable properties which were available to let at the valuation date. Each has been analysed on a pounds per square foot basis, which the Tribunal has interpreted to mean 'pounds per square foot, per calendar month'. The rental values range from £5,250 per calendar month for a house comprising 2,119 square feet, to £35,000 per calendar month for a house comprising 12,822 square feet. Ms Hallard says the range is from £1.91 psf pcm to £2.82 psf pcm, with an average of £2.29 psf pcm. Ms Hallard's proposed market rent of £7,000 psf pcm is an equivalent £1.96 psf pcm based on the agreed area of 3,574 square feet.

84. Mrs Layton was critical of Ms Hallard's evidence in general in that each property was to let, and not evidence of actual lettings.

85. The Tribunal asked Ms Hallard (Mr Walby) whether an analysis on a pounds per square foot basis was a reasonable approach where there is such a divergence in both rental value and size. It was also put to Ms Hallard that the property is out of kilter with the neo-Georgian mansion style houses provided.

86. When adopting the comparable method of valuation, analyses on a pounds per square foot per calendar month basis, is an accepted approach where the features characteristics of the comparable properties are generally the same. Those features and characteristics include tenure, location, size, architectural style and condition. All the comparable properties are in relatively close proximity to one another, and the condition assumed is common to all. However, the rental values range from £5,250 pcm to £35,000 pcm, with corresponding areas from 2,119 square feet to 12,822 square feet.

87. Having considered the parties submissions, both written and oral, the Tribunal has concluded that the most similar comparable property, and to which most weight is to be attributed, is the letting in Montrose Gardens provided by Mrs Layton and which she said is similar to the subject property. The analysis provided by Mrs Layton is to an equivalent £1.58 psf pcm, which when applied to the agreed area of the property, 3,574 square feet, equals a rent of £5,647 per calendar month.

88. Terms of the tenancy – at section 14(1)(c) of the 1988 Act it says, '…might reasonably be expected to let in the open market by a willing landlord under an assured tenancy…the terms of which (other than relating to the amount of the rent) are the same as those of the tenancy to which the notice relates…'

89. Ms Hallard has referred to the tenancy as a 'short let'. The tenancy is for a term of 12 (twelve) months, with a mutual break clause effective after 6 (six) months, subject to giving the other party two months' notice in writing. The tenancy is not a short let within the meaning of residential property. The length of term which coupled with the mutual break clause, is typical of an assured shorthold tenancy (as they were constituted at the time the letting was granted).

90. Mrs Layton has given submissions to the effect the sales' viewing provision, and the proposed redevelopment of the property have an adverse material effect on the market rent.

91. Sales' viewing provision – clause 9 of section I of the tenancy is the specially negotiated clause with respect to sales' viewings. The provision is effective from the outset of the tenancy. Ms Hallard asked Mrs Layton how many times to date the provision had been actioned, to which the reply hither to was 'nil'. Ms Hallard's question is mis-conceived as any effect on the market rent is not assessed by the historical number of its operation, it is how the market will perceive the provision at the valuation date. It is fair to say the provision is not the norm in the sense it is actionable from the commencement date of the term. In the context of the hypothetical letting on the valuation date, the provision is to be considered in conjunction with the potential redevelopment at the property. Planning consent was granted on 28 January 2026 to demolish the house and to build two new dwellings.

92. In the event the property is marketed for sale, it would be on the basis of the potential to redevelop the property, for which any prospective purchaser would have regard to the existing house, but not necessarily require to carry out an internal inspection, as he/she would be more interested in viewing the site per se. To that end, as planning consent was granted in January 2026, the Tribunal has concluded the sales' viewing provision has no more than a nominal effect on the market rent.

93. Condition and disrepair - Ms Hallard says that an adjustment to the market rent to reflect the condition of the property at the valuation date would be inappropriate as the tenants' allegations of disrepair have not been substantiated by any statutory authority, and in any event, any disrepair is due to the tenants' being in breach of their obligations with respect to the use of the property.

94. Conversely, Mrs Layton has referred the Tribunal to the three condition reports, and both parties have provided internal and external photographs to assist to present and to support their cases. Notwithstanding the parties' respective positions on the condition of the property, it is clear to the Tribunal an adjustment is required to be made to the market rent to reflect the condition and items of disrepair, which in turn includes diminution of amenity.

95. In her answer to the Tribunal's question as to what works had been carried out, if any, between the date of the Neil Marsden report (9 February 2026) and the valuation date, Mrs Layton confirmed what works had been carried out, and what was outstanding. On the question of the property being unfit for human habitation, on the basis of the evidence before it, the Tribunal has concluded the property is habitable.

96. The photographs provided show the extent of the various items of disrepair and mould. It would be impractical for the Tribunal to list each item and attribute a corresponding adjustment to the market rent. To that end the Tribunal has determined to make an overall adjustment for condition, disrepair and corresponding diminution of amenity on a percentage of market rent basis and values the adjustment at 20% of the market rent.

97. Accordingly, the Tribunal's valuation is as follows: £5,647.00 pcm minus £1,129.40 (20% of £5,647 pcm), to equal £4,517.60 pcm, say £4,525 (Four Thousand Five Hundred and Twenty-Five Pounds) per calendar month.

Undue Hardship

98. The new rent takes effect from the date specified in the landlord's Notice of Increase unless that would cause undue hardship to the tenants. In cases of undue hardship, the Tribunal has a discretion to fix a later starting date up to the date a Tribunal makes its determination.

99. Mrs Layton says the proposed new rent of £7,000 pcm would cause them hardship. Both parties have given submissions to support their case. It is not necessary for the Tribunal to expand on the parties' submissions on hardship.

100. As a result of our decision the rent will decrease from the current of £5,000 per calendar month by £475 per calendar month to £4,525 per calendar month. To that end the Tribunal determines its decision on market rent would not cause the tenants undue hardship. Accordingly, the Tribunal confirms the starting date for the new rent of £4,525 per calendar month to be that in the notice – 19 May 2026.

Decision

101. Therefore, the Tribunal determines the market rent at £4,525 (Four Thousand Five Hundred and Twenty-Five Pounds) per calendar month with effect from 19 May 2026.

APPEAL PROVISIONS

If either party is dissatisfied with this decision, they may apply for permission to appeal to the Upper Tribunal (Lands Chamber) on any point of law arising from this Decision. Prior to making such an appeal, an application must be made, in writing, to this Tribunal for permission to appeal. Any such application must be made within 28 days of the issue of this statement of reasons (regulation 52 (2) of The Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013) stating the grounds upon which it is intended to rely in the appeal.