FIRST - TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Case Reference	**:**	**HAV/00LC/HNA/2026/0017**
Property	**:**	**138 Upper Luton Road, Chatham, ME5 7BQ**
Applicant	**:**	**Homelet PMS Ltd (t/a Linda Matthews Lettings)**
Representative	**:**	**Maria Garlick**
Respondent	**:**	**Medway Council**
Representative	**:**	**Mr Krishnan**
Type of Application	**:**	**Appeal against Financial Penalty**
Tribunal Members	**:**	**Judge Dovar** **Mr E Shaylor MCIEH**
Date and venue of Hearing	**:**	**10th September 2026, Remote**
Date of Decision	**:**	**13th October 2026**

DECISION

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Introduction

1. This is an appeal by Homelet PMS Ltd ("Homelet"), the managing agent of the Property, against a financial penalty imposed by the Respondent Council under section 249A of the Housing Act 2004. The Council imposed a financial penalty of £18,000 for the offence of failing to comply with an Improvement Notice, contrary to section 30 of the Housing Act 2004.

2. The appeal was brought following the Council's Final Notice dated 7 January 2026. Homelet did not dispute that an Improvement Notice had been served, but contended that the penalty should be cancelled or substantially reduced because significant works had been undertaken, the company had sought to engage with the Council, communication from the Council had been poor, and the penalty was disproportionate.

Preliminary Issue

3. A preliminary issue arose concerning whether Homelet was a proper recipient of the Improvement Notice and therefore whether the subsequent action for failure to comply was properly directed against it. Homelet was not the owner of the Property, but was the managing agent and was contracted to manage the rental collection and maintenance of the Property.

4. Ms Garlick confirmed that as part of its role as managing agent, Homelet collected rent on behalf of the owner, Greenstone Property Group Ltd ("Greenstone"), which it was required to pass on, save for the retention of an agreed management commission.

5. Paragraph 2 of Schedule 1 to the 2004 Act provides that an Improvement Notice must be served on 'the person having control of the dwelling'. Section 263, includes in the definition of 'a person having control of property' a person who receives the rack rent 'whether on his own account or as agent or trustee of another person'. In this case as Homelet did receive the rack rent as agent for the landlord. Accordingly we considered that the Improvement Notice was properly served on Homelet.

Legal Framework

6. The relevant statutory provisions are contained in the Housing Act 2004. In outline the relevant provisions provide as follows.

7. Where a local housing authority identifies Category 1 or Category 2 hazards under the Housing Health and Safey Rating System (HHSRS), it may take enforcement action. In the case of

Category 1 hazards there is generally a duty to act; in the case of Category 2 hazards there is a power to act.

8. Under sections 11 and 12, a local authority may serve an Improvement Notice requiring remedial works to be carried out within specified timescales. The recipient has a right of appeal against the notice.

9. Failure to comply with an operative Improvement Notice constitutes an offence under section 30 of the Housing Act 2004.

10. By s.249A a local housing authority may impose a financial penalty as an alternative to prosecution for certain housing offences, including failure to comply with an Improvement Notice. Before imposing a penalty the authority must serve a Notice of Intent and consider any representations made by the recipient.

Background

11. The property is a three-bedroom terraced house over three floors. Land Registry information indicated ownership by Greenstone Property Group Ltd, although the Council remained uncertain during its investigation as to ownership and the management arrangements. The Council's enquiries identified Homelet as the managing agent, but Homelet did not respond to enquiries as to who was the owner.

12. On 6 November 2024 the tenant of the Property complained to the Council about disrepair. She reported that although boiler repairs had been carried out, a number of other concerns remained unresolved, including gas and electrical safety certification.

13. In November and December 2024 respectively the Council served:

    a. a section 16 requisition for information;
    b. a section 235 notice requiring production of documents; and
    c. section 239 notices of entry for the purpose of inspection.

14. The Respondent Council said that no responses were received to the section 16 or section 235 or section 239 notices, from either

Homelet or Greenstone, but Ms Garlick said she could not remember whether or not Homelet had replied.

15. On 8 January 2025, a Housing Health and Safety Rating System inspection was carried out by Corinna Salter an officer of the Respondent. Numerous hazards were identified, including:

    a. Damp and mould growth;
    b. Excess cold;
    c. Carbon monoxide hazards;
    d. Entry by intruders;
    e. Domestic hygiene, refuse and pest issues;
    f. Food safety hazards;
    g. Personal hygiene and drainage hazards;
    h. Falling on stairs;
    i. Falling between levels;
    j. Electrical hazards;
    k. Fire hazards; and
    l. Structural collapse and falling elements.

16. The officer described a wide range of defects including mould growth, inadequate ventilation, defective doors and windows, lack of carbon monoxide protection, defective sanitary fittings, disrepair to a garden wall, collapsed fencing, waste accumulation, drainage concerns and risks arising from low window sills without opening restrictors.

17. Following the inspection, and the lack of response to their enquiries as to ownership, the Council served an Improvement Notice on Homelet, believing Homelet to be the responsible party, on 29 January 2025 requiring works to be completed by 2 April 2025. The notice was not appealed.

18. The notice addressed thirteen hazards and was accompanied by a statement of reasons.

19. A compliance inspection took place on 7 May 2025. Only two matters had been satisfactorily completed:

    a. adjustment of the loft hatch; and
    b. installation of a carbon monoxide alarm.

    All other works required by the Improvement Notice remained outstanding. An "unsatisfactory" compliance outcome was therefore recorded.

20. There was no challenge to the fact that only a couple of items had been addressed by this date, Homelet said that they did not have the funds in hand to carry out all the works as they were only the agents and were subject to authorisation and funding from Greenstone.

21. The Council served a Notice of Intent on 4 November 2025, proposing an £18,000 financial penalty. That sum was arrived at using the Council's internal policy and matrix. That required the assessment of four categories (culpability, track record, portfolio, and risk of harm), which when applied to its matrix, produced a specific financial penalty.

22. The Council assessed the four categories as follows:

    a. culpability as high;
    b. track record as significant;
    c. portfolio size as 20 plus units; and
    d. risk of harm as level 3.

23. These factors produced a financial penalty of £18,000.

24. On 7 January 2026 the Council issued the Final Notice imposing the £18,000 penalty.

25. Homelet has since produced evidence of substantial expenditure and repair works extending from late 2024 through to mid-2026, including:

    a. electrical works;
    b. boiler repairs;
    c. gas safety certification;
    d. roof repairs;
    e. mould and ventilation works;
    f. replacement rear door;
    g. garden clearance;
    h. pest treatment; and
    i. further maintenance work.

26. However much of this work occurred after both the Improvement Notice deadline and the compliance inspection.

Homelet's Submissions

27. Ms Garlick represented Homelet and gave evidence for them. Homelet advanced several principal arguments.

Active Management and Ongoing Repairs

28. The company contended that it had been actively managing the property and carrying out works throughout the relevant period. It relied upon invoices and expenditure records (circa £8,000) demonstrating continued investment in the property. It said that there had never been any refusal to undertake works and that repairs began as early as November 2024.

Dependence on Owner Authorisation

29. Homelet emphasised that it was a managing agent rather than the property owner. It could not therefore incur substantial expenditure above £100 without owner approval. Delays occurred because quotations had to be obtained and authority sought from the landlord before major works could be undertaken. No specific details were provided though as to its communications with Greenstone; there were no details of when requests were made for funding or authorisation. The impression given by Homelet was that the landlord was receptive to works and giving authorisation.

Poor Communication from the Council

30. A major plank of the appeal was that Council officers were difficult or impossible to contact. Homelet asserted that emails and telephone calls went unanswered and that attempts to discuss the required works, obtain clarification and seek extensions of time received no meaningful response.

31. Reliance was placed particularly on the letter of 1 December 2025 sent to Paul Salter of the Council, with the correspondence copied to other Council officers, and a later email from Corinna Salter acknowledging that previous communications between the parties had been cooperative. The correspondence did give the impression of a lack of response and Corinna Salter's evidence suggested that she had not received communications from Homelet that had been sent to Paul Salter.

Disproportionate Penalty

32. Homelet argued that £18,000 was excessive. Particular objection was taken to:

    a. the "high" culpability finding;
    b. the reliance on a "significant" track record;
    c. references to other enforcement cases;
    d. assumptions concerning portfolio size; and

e. the absence of criminal convictions.

33. Homelet maintained that the Council had improperly relied upon allegations or unrelated cases that remained disputed.

Good Faith Conduct

34. Finally, Homelet submitted that it had not sought to delay compliance, considerable sums had been spent on the property, and had ultimately completed the works. It therefore said that the Council had failed to give adequate weight to mitigating circumstances.

Council's submissions

35. Mr Mr Krishnan represented the Council and we heard from Corinna Salter who was the officer dealing with this property. The Council's case was substantially as follows.

Serious Hazards Were Identified

36. The January 2025 inspection disclosed a large number of hazards (3x Category 1 and 10x Category 2) affecting the property and creating risks to health and safety. Enforcement action was therefore justified.

Non-Compliance With the Improvement Notice

37. The Improvement Notice required compliance by 2 April 2025 and was never appealed. By the compliance inspection on 7 May 2025, only two items had been completed, with virtually all substantive requirements remaining outstanding.

Lack of Engagement

38. The Council relied upon the absence of responses to the section 16 and section 235 notices, the absence of any appeal against the Improvement Notice, and procrastination on the part of Homelet. It submitted that its records did not support Homelet's claim of extensive engagement. As indicated above, whilst the lines of communication were poor and information was not passed internally in the council, Homelet did not really engage until after the time for carrying out the works had passed and then managed to carry out the works without proper engagement.

Later Works Did Not Negate the Offence

39. The Council accepted that substantial works were ultimately completed. However, those works largely occurred after the offence had already been committed and after the compliance date had passed. They therefore did not amount to compliance with the Improvement Notice within the required period.

The Penalty Was Appropriate

40. The Council submitted that the £18,000 penalty had been calculated in accordance with its policy and matrix and properly reflected culpability, risk of harm, track record and portfolio size.

Tribunal's Conclusions

41. We accepted that the offence of failing to comply with the Improvement Notice had been established. We did not consider that any of the matters raised amounted to a defence. Homelet, were managing the property and had not complied with the Improvement Notice. The fact that they were not given the funding by Greenstone, is not in our view a defence to the matter. It does have some bearing on culpability as set out below.

42. Our focus therefore turned to the appropriateness of the penalty amount. In that regard, we were not persuaded that the Council's assessment of aggravating factors was correct.

Track Record

43. The Council had assessed track record as 'Significant', being 'evidence of multiple enforcement interventions … together with evidence of non-compliance … may be used for any offender who has been successfully prosecuted for a housing offence or been subject to a housing relating financial penalty.'

44. We consider this was too high and should be reduced to the next band 'some' being 'where the offender is associated with more evidence than would normally be expected of a good private landlord having regard to the nature and size of their portfolio. There is likely to be evidence of statutory enforcement action.'

45. We do that on the basis that there were:

    a. no convictions;
    b. no previous financial penalties; and
    c. insufficient detail regarding the complaints about other properties relied upon by the Council, and whether or not those complaints had in fact been determined at the time

the penalty was calculated. The Council had relied on other matters that they were involved with with Homelet, yet none of those had reached any conclusion.

Culpability

46. We also considered that culpability should be reduced from High to Medium; i.e. from 'foresight of a potential breach, but through wilful blindness, decided not to take appropriate and/or timely action' to 'an act or omission that a person exercising reasonable care would not commit.'

47. In so doing we took account of:

    a. The communication difficulties referred to above;
    b. the managing agent's need to obtain owner authorisation before major expenditure could be incurred; and
    c. the practical limitations arising from the Applicant's role as managing agent rather than owner.

Portfolio

48. There was no change to this assessment. Homelet accepted that it managed in excess of 20 properties.

Risk of Harm

49. The risk of harm assessment was not challenged and therefore remained unchanged.

Revised Penalty

50. Having adjusted the relevant penalty factors, and applying the Respondent's matrix we concluded that the original penalty of £18,000 was excessive and that the appropriate financial penalty was £12,000.

Conclusion

51. Accordingly, the appeal succeeds in part, with the penalty reduced from £18,000 to £12,000.

Appeals

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

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

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

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