FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Case Reference	**:**	**HAV/43UF/HLP/2025/0001**
Property	**:**	**133A Bletchingley Road, Merstham, Redhill, Surrey, RH1 3QG**
Applicant / Appellant	**:**	**Hawthorn Support Limited**
Respondent	**:**	**Reigate & Banstead Borough Council**
Type of Application	**:**	**Appeal Against a Financial Penalty Imposed under the Redress Schemes for Lettings Agency Work and Property Management Work (Requirement to Belong to a Scheme etc) (England) Order 2014**
Tribunal Member	**:**	**Mr D Cotterell FRICS** **Ms C Barton MRICS**
Date of Decision	**:**	**29 October 2026**

DECISION

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Decision and Order

1. **The Final Notice is confirmed in the financial penalty amount of £2,500.00 to be paid within the period of 28 days beginning with the day after that on which this Decision is posted to the parties.**

Introduction

2. By an Application dated 4 November 2025, the Appellant applicant Hawthorn Support Ltd appealed to the First-Tier Tribunal Property Chamber (Residential Property) ("the Tribunal") under Article 8 of The Redress Schemes for Lettings Agency Work and Property Management Work (Requirement to Belong to a Scheme etc) (England) Order 2014 ("the 2014 Order") against the Respondent Council's issue on 3 October 2025 of a notice ("the Final Notice") requiring the payment of a penalty amount of £2,500.00, after it had been satisfied that the Appellant was managing properties within Reigate & Banstead Borough – particularly 133A Bletchingley Road, Merstham, Surrey, RH1 3QG – being in possession of evidence that the Appellant company was finding tenants and issuing tenancy agreements and was not a member of any redress scheme.

3. The Tribunal gave Directions on 31 March 2026.

4. A PDF bundle of relevant documents was produced, extending to 360 pages, and was filed with the Tribunal. References in square brackets are to electronic page numbers in the bundle.

5. A hearing by CVP was held on 20 August 2026. A director of the Appellant Company, Mr Razwan Qazalbash appeared on the Appellant's behalf. For the Respondent Council, Mr Wesley Potterton of Counsel appeared for the Respondent Council, instructed by its legal department. Also in attendance were Ms Lade a former Housing Licensing and Enforcement Officer for the Council, and Mr Woolvet a Housing Needs Officer with the Council.

The Facts & Chronology

6. The bundle includes a chronology provided by the Appellant which together with other documents charts the events leading to this application:

Date	Event	Bundle Page
17/07/2025	Inspection of the Property undertaken by Respondent, initially relating to HMO licensing application	[107]

25/07/2025	Respondent served Notice of Intent on Appellant proposing a £5,000 financial penalty for breach of the 2014 Order.	[94]
31/07/2025	Appellant notified Respondent of action taken to comply and join a redress scheme.	[354]
11/08/2025	Appellant provided evidence of redress scheme membership.	[159]
29/08/2025	Respondent issued revised Notice Reduction in Amount in Notice of Intent reducing the proposed financial penalty from £5,000 to £2,500 in light of Appellant's prompt compliance.	[163]
01/09/2025	Appellant submitted representations against the proposed revised penalty.	[167]
03/10/2025	Respondent issued a Final Notice imposing a financial penalty of £2,500.	[178]

Calculation of the Penalty

7. Included in the bundle as an exhibit ("RLL050") to the statement of Ms Lade [272] is a copy of the Respondent Council's Housing Enforcement Policy in which specific reference is made to the 2014 Order [299] that mentions *inter alia*:

"*… Where the Council is aware of an offence, it is required to take enforcement action relating to activities undertaken within the borough and may serve a Notice on the perpetrator requiring the payment of a monetary penalty of an amount determined by the Council.*

The expectation in Government guidance is that a monetary penalty of £5,000 should be considered the norm and the penalty must not exceed this amount. A lower penalty should only be charged if the Council is satisfied there are extenuating circumstances".

8. The Notice of Intent [94] of 25 July 2025 contains a penalty amount of £5,000.00. On consideration of representations then made by the Appellant the amount was reduced to £2,500.00 for the reasons explained by the Respondent in their Final Notice of 3 October 2025 [180].

Application, Hearing & Evidence

9. In its application of 4 November 2025, the Appellant sets out the basis of its appeal, claiming:

    a. It acted "*immediately and in good faith to remedy the breach upon being notified by the Council. The company joined an approved redress scheme without delay, provided evidence of membership, and has since maintained full compliance*";

    b. It had no previous record of breaches, and had complied fully with the Council's officers' requests;

    c. Is a "*supported-accommodation provider*" for vulnerable young people and not a conventional lettings agency;

    d. Had not previously understood its work to fall under the same statutory category as standard property management;

    e. That the omission was unintentional, no tenants were disadvantaged, and compliance was achieved promptly;

    f. That the penalty is disproportionate and "*contrary to the principles of fairness and proportionality set out in government guidance and tribunal case law*".

    g. That a formal warning or advice notice would have achieved full compliance without financial sanction.

10. In particular, the Appellant submitted "*The Council's calculation did not sufficiently consider the mitigating factors and applied only a standard 50 % reduction*". While that reduction was appreciated, the resulting figure still does not reflect that

    a. the breach existed for a short period only

    b. the company acted immediately upon notification;

    c. there was no deliberate avoidance or financial gain; and

    d. the company's operations primarily serve vulnerable care-leavers, not the open rental market.

11. Accordingly, they argue, the penalty remains disproportionate to the gravity and duration of the breach and should be reduced to a nominal or zero amount.

12. The Tribunal considered a witness statement from Mr Qazalbash [33] on which he was cross examined at the hearing. In his evidence he explains the events leading to the enforcement action as well as the operation of the Appellant company.

13. The Tribunal also considered witness evidence from Ms Lade, whose statement [36] includes extensive exhibits (to [339]) that explain the processes engaged in by the Respondent council preliminary and during the enforcement action, and notably that the penalty was to be reduced to £2,500.00 [169] as confirmed by the Final Notice. Evidence was also provided in a statement and at the hearing from Mr Woolvet [44].

14. In closing, Mr Qazalbash reiterated that he accepted the Appellant company should have been in a scheme as required by the 2014 Order and that failure "*was due to a genuine misunderstanding*" and not a deliberate decision on the Appellant's part. He told the Tribunal that although he was grateful for the reduction in penalty to £2,500.00, when all the circumstances of the matter were taken together, the penalty should be reduced still further or set aside.

15. In his submissions for the Respondent, Mr Potterton said that a £5,000 penalty is considered the norm, and a lower charge should only be charged if satisfied that there are extenuating circumstances, and since the Respondent has already reduced the penalty by 50% on account of the Appellant's prompt registration with the Property Redress Scheme following service of the notification of his obligation to do so, no further reduction can be properly justified.

16. He added that the 2014 Order has been in force for over 10 years and it should have been clear to the Appellant that it would fall under this obligation; the obligation is solely on the Appellant to obtain appropriate advice if unsure.

17. No evidence has been given that £2,500 penalty would cause any undue hardship to the Appellant to justify any further reduction. To reduce the penalty further from £2,500, or as the Appellant contends to nil, results in the regulations having no deterrence effect, as it is effectively cheaper to not comply and wait for action than to comply with obligations.

The Statutory Framework and Guidance

18. Section 84 of the of the Enterprise and Regulatory Reform Act 2013 ("the 2013 Act") provides:

> *84 (1) The Secretary of State may by order require persons who engage in property management work to be members of a redress scheme for dealing with complaints in connection with that work which is either –*
>
> *(a) a redress scheme approved by the Secretary of State, or*
>
> *(b) a government administered redress scheme.*
>
> *84 (6) In this section "property management work" means things done by any person ("A") in the course of a business in response to instructions from another person ("C") where –*
>
> *(a) C wishes A to arrange services, repairs, maintenance, improvements or insurance or to deal with any other aspect of the management of premises in England on C's behalf, and*
>
> *(b) The premises consist of or include a dwelling-house let under a relevant tenancy.*

19. The 2014 Order was made pursuant to the provisions of and powers in the 2013 Act and took effect from 1 st October 2014. Article 5 provides:

> *5(1) A person who engages in property management work must be a member of a redress scheme for dealing with complaints in connection with that work.*

20. The redress scheme must be one that is approved or designated by the Secretary of State (Article 5(2)).

21. Article 7 imposes a duty on every enforcement authority to enforce the 2014 Order within its area. In this case Reigate & Banstead Borough Council is the enforcement authority in this case.

22. Article 8 provides:

> *8 (1). Where an enforcement authority is satisfied on the balance of probabilities that a person has failed to comply with the requirement to belong to a redress scheme … the authority may by notice require the person to pay the authority a monetary penalty ("a monetary penalty") of such amount as the authority may determine.*

8 (2) The amount of the monetary penalty must not exceed £5000.

23. Article 8(3) and the Schedule to the 2014 Order set out the procedure to be followed. A notice of intent must be sent to the person stating the reasons for imposing the penalty, the amount and information as to the right to make representations and objections. After the end of the period allowed for this the authority must make its final decision, notified to the person in a final notice, which must also include specified information about the rights of appeal.

24. Article 9 provides the rights of appeal:

> *9(1) A person who is served with a notice imposing a monetary penalty under paragraph 3 of the Schedule (a "final notice") may appeal to the First-tier Tribunal against that notice.*
>
> *(2) The grounds for appeal are that –*
>
> > *(a) the decision to impose a monetary penalty was based on an error of fact;*
> >
> > *(b) the decision was wrong in law;*
> >
> > *(c) the amount of the monetary penalty is unreasonable;*
> >
> > *(d) the decision was unreasonable for any other reason.*
>
> *(3) Where a person has appealed to the First-tier Tribunal under paragraph (1) the final notice is suspended until the appeal is finally determined or withdrawn.*
>
> *(4) The Tribunal may –*
>
> > *(a) quash the final notice;*
> >
> > *(b) confirm the final notice;*
> >
> > *(c) vary the final notice.*

25. As to procedure to be followed by an Authority, the detail is set out at the Schedule to the 2014 Order. It must first serve a Notice of Intent:

> *(1) Where an enforcement authority proposes to impose a monetary penalty on a person, the authority must serve on that person a notice of what is proposed (a "notice of intent").*

> *(2) The notice of intent must be served within 6 months of the date on which the enforcement authority is first satisfied that the person has failed to comply with article 3 (requirement to belong to a redress scheme: lettings agency work) or article 5 (requirement to belong to a redress scheme: property management work).*
>
> *(3) The notice of intent must include—*
>
> > *(a) the reasons for imposing the monetary penalty;*
> >
> > *(b) the amount of the penalty;*
> >
> > *(c) information as to the right to make representations and objections within 28 days beginning with the day after the date on which the notice of intent was sent.*

26. If then considered appropriate, an authority may then serve a final notice, the detail of which must include:

> *(a)the reasons for imposing the monetary penalty;*
>
> *(b)information about the amount to be paid;*
>
> *(c)information about how payment may be paid;*
>
> *(d)information about the period in which the payment must be made, which must not be less than 28 days;*
>
> *(e)information about rights of appeal; and*
>
> *(f)information about the consequences of failing to comply with the notice.*

The Tribunal's Reasons and Conclusions

27. From the detail of the Appellant's application and evidence, the Tribunal's view is that the basis on which the appeals is made, is that the amount of the monetary penalty is unreasonable as per Article 9(2)(c) of the 2014 Order.

28. In the absence however of express pleading on that point, the Tribunal considers that there are 3 issues for it to address: firstly, whether the Tribunal is satisfied beyond reasonable doubt that the Appellant has committed the offence on which the penalty is predicated. On that point, the Appellant admits its error both in correspondence with the Respondent and in its submissions before the Tribunal. Accordingly, the Tribunal is satisfied on that point.

29. The second issue is whether the Respondent Council has complied with all the necessary procedural requirements relating to the imposition of the financial penalty. The Tribunal considers that the Final Notice [178-181] meets all 6 requirements stipulated in the Schedule to the 2014 Order, as repeated above.

30. The third issue is whether the imposed financial penalty is reasonable and, if so, has been set at the appropriate level. The Notice of Intent [94] sets a penalty amount of £5,000.00 albeit that is the maximum amount permitted under the 2014 Order as that Notice mentions. It appears to the Tribunal on the evidence before it that the amount was halved in consideration of the mitigating factors brought to its attention by the Appellant and on which the Appellant continues to rely in the subject appeal application.

31. The issue for the Tribunal, therefore, is whether the reduction of the initial amount by a half, has sufficiently reflected the strength of the mitigation taken together. In the Tribunal's view, this requires an assessment of the Respondent Council's considerations in applying the discount and whether in the circumstances it acted reasonably as an enforcement authority.

32. The Tribunal has given consideration to all of the arguments and evidence put before it in the application. In the Tribunal's view, the Respondent's reduction of the initial £5,000.00, by a half to £2,500.00, had proper regard to the relevant matters brought to its attention through its own investigation and also by the Appellant's representations. The resulting reduced penalty amount of £2,500.00 is, in the Tribunal's opinion, suitable to achieve the objectives of the 2014 Order and does not impose an excessive burden on the Appellant.

33. Accordingly, the Tribunal decides that the penalty amount of £2,500.00 in the Final Notice is reasonable and finds no reason to alter it.

RIGHTS OF APPEAL

1. A person wishing to appeal this decision to the Upper Tribunal (Lands Chamber) must seek permission to do so by making written application to the First-tier Tribunal at the Regional office which has been dealing with the case. Where possible you should send your application for permission to appeal by email to rpsouthern@justice.gov.uk as this will enable the First-tier Tribunal Regional office to deal with it more efficiently.

2. 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.

3. 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.

4. 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.

5. Either party seeking to appeal a decision are referred to form RPPTA.
