**FIRST-TIER TRIBUNAL**
**PROPERTY CHAMBER**
**(RESIDENTIAL PROPERTY)**

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| **Case Reference** | : | HAV/45UH/LSC/2026/0107 |
| **Property** | : | Flat 1 and 4 of 7 West Buildings, Worthing, West Sussex, BN11 0BS |
| **Applicant** | : | Robin Anthony Martin and Judith Low |
| **Representative** | : | In person |
| **Respondent** | : | Shahzad Siddiqui |
| **Representative** | : | In person |
| **Type of Application** | : | Determination of liability to pay and reasonableness of service charges<br>Section 27A Landlord and Tenant Act 1985 |
| **Tribunal Members** | : | Deputy Regional Judge Pattni-Evans (chair)<br>Mr A Hetherton MRICS IRRV(Hons) (valuer member)<br>T Wong (professional member) |
| **Date of Hearing** | : | 15 October 2026 at Havant Justice Centre |
| **Date of Decision** | : | 03 November 2026 |

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**DECISION**

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## Introduction

1. The application is for the determination of liability to pay and reasonableness of service charges for the years 2020/2021, 2022/2023, 2023/2024, 2024/2025, 2025/2026. The application concerns Flats 1 and 4 of 7 West Buildings, Worthing, West Sussex, BN11 0BS. The Applicants are the long leaseholders of a top floor and basement flat, the latter which suffered persistent water ingress and rising damp. There are four flats within the building which is a converted house built in the late 1880s.

2. The application was received on 28 February 2026. The Applicants further seeks orders pursuant to Section 20C of the Landlord and Tenant Act 1985 and paragraph 5A of Schedule 11 of the Commonhold and Leasehold Reform Act 2002.

## The Hearing

3. At the hearing the parties represented themselves. The Respondent was previously represented, and the Tribunal was invited to consider the written representations made by his solicitors Streeter Marshall LLP when reaching this decision. Mr Siddiqi also called as a witness Mr Steven Sweeny of Abacus Insurance Services, the Respondent's insurance broker.

4. There were two preliminary issues arising, first there was a significant dispute between the parties regarding the contents of the bundle in the lead up to the hearing and at the hearing Mr Martin sought to introduce additional documents – which did not appear to have been in earlier bundles. The bundles also included impermissible 'without prejudice' correspondence.

5. When this matter was raised at the outset of the hearing, it appeared that the Mr Martin was seeking to expand the scope of the case. The Tribunal determined that the documents were in any event irrelevant to the jurisdiction under Section 27A of the Landlord and Tenant Act 1985 as they appeared to concern the service of statutory notices. In those circumstances, and having regard to the Respondent's objection, the Tribunal declined to admit the documents into evidence.

6. Second, and related to the first point, the Respondent had applied on 29 September 2026 requesting a strike out of the application. That application arose principally from concerns regarding the Applicants' approach to the preparation of the hearing bundle. Pursuant to directions issued by Tribunal Judge Lumby which included a provision allowing the Respondent to apply for their reasonable wasted costs incurred in doing so, the Respondent prepared and lodged an agreed bundle.

7. The difficulties concerning the bundle were largely resolved by agreement and the Tribunal has had regard to the version dated 15 October 2026 when reaching this decision. For the avoidance of doubt, the Tribunal has not considered the contents of any documents marked "without prejudice" contained within this or any earlier bundle noting that they remain in dispute and impermissible. In view of the parties' agreement as to the bundle, it was unnecessary for the Tribunal to determine the Respondent's strike-out application. The application by the Respondent for costs arising from these matters is dealt with later in this decision.

**Issues**

8. The Applicants accepted that reasonable service charges were payable in accordance with the lease and did not dispute that categories of expenditure were capable of being recovered through the service charge provisions of the lease. Their challenge was whether the sums demanded were reasonably incurred and properly supported by evidence. The disputed items were categories of expenditure rather than specifically costed items:

    (a) buildings insurance premiums;
    (b) communal electricity charges;
    (c) management fees; and
    (d) reserve fund contributions.

9. The Applicants relied upon the history of water ingress affecting Flat 4 (the basement flat) as background to their concerns regarding the management of the building. They contend that the Respondent failed to investigate or undertake remedial works in relation to persistent flooding and damp affecting that flat and rely upon those matters as relevant context when challenging the reasonableness of the disputed service charge expenditure. The Tribunal indicated during the hearing that any claim for reimbursement of engineering, tanking or other remedial works undertaken within Flat 4 fell outside the issues for

determination and both parties confirmed they understood this. The evidence concerning water ingress was therefore considered only insofar as it was relied upon by the Applicants as relevant background to the management of the building and the service charge disputes before the Tribunal.

**Building Insurance Premiums**

10. Mr Martin submitted that previous claims relating to flooding, sewage ingress and water damage had led to significant increases in premiums and, at some stage following those claims, cover for escape of water had been removed from the policy. He contended that subsequent incidents of water ingress affecting Flat 4, including sewage and groundwater intrusion, had not been properly investigated and had instead been treated as damp or an excluded risk. He was concerned that the insurance arrangements did not adequately respond to the history of water ingress at the building and questioned the basis upon which the premiums had been calculated. In his cross-examination of Mr Sweeny, Mr Martin explored whether insurers had been informed of remedial works undertaken following previous claims and sought clarification regarding the distinction between escape of water cover and flood-related risks.

11. The Respondent submitted that the insurance premiums had been reasonably incurred and represented the most competitive cover available. He obtained insurance through Mr Sweeny, who had sourced quotations from the market, and that the premiums reflected the building's claims history, including insurance claims said to exceed £80,000.

12. In giving evidence to the Tribunal, Mr Sweeny explained that premiums were influenced by a range of factors including the location of the property, flood and groundwater risk data, claims history, rebuilding costs and wider market conditions. He said that insurance costs generally increase over time and that some insurers may decline to offer cover or impose conditions where a property presents an elevated risk profile. Mr Sweeny further stated that insurers would not ordinarily be informed of remedial works following successful claims and noted that escape of water cover had since been reinstated. The Respondent maintained that the premiums obtained were the most reasonable available and that the resulting charges were payable under the lease.

13. The Tribunal is satisfied that the buildings insurance premiums were reasonably incurred. The Tribunal accepts the evidence of Mr Sweeny that the premiums were influenced by a range of factors, including the claims history associated with the Property and wider insurance market considerations. In particular, the Tribunal accepts that previous claims relating to water damage and flooding were capable of affecting both the availability and cost of insurance cover.

14. The Tribunal also attaches weight to the fact that the Respondent obtained the insurance through a broker and relied upon professional advice when procuring cover. Whilst the Applicants questioned both the level of the premiums and aspects of the cover provided, no alternative quotations, market comparisons or other evidence were produced to demonstrate that comparable insurance cover could have been obtained at a lower cost. Mr Martin confirmed that he had not sought to obtain alternative quotations. The Tribunal does not consider that concerns regarding the handling of previous insurance claims, or the temporary removal of certain elements of cover, are sufficient in themselves to establish that the premiums charged during the relevant years were unreasonable.

15. The issue before the Tribunal concerned the reasonableness of the costs incurred, and on the evidence before it there is no evidence to conclude that the Respondent could reasonably have obtained equivalent cover at a lower premium.

**Communal Electricity Charges**

16. The Tribunal accepts that the communal electricity supply was historically charged on a commercial tariff and that this resulted in a comparatively high standing charge. The Applicants' concern was a legitimate one, particularly given the limited electricity consumption within the common parts and the evidence that the supply principally served a small number of light fittings. The Tribunal also accepts that the Respondent acknowledged that the account had been placed on an inappropriate tariff.

17. However, the Tribunal finds that the Respondent took steps to rectify the position once the issue was brought to his attention in December 2025. His evidence was that the account has since been transferred to a residential tariff and that EDF has applied retrospective adjustments and a VAT credit to the account. The Tribunal accepts that evidence. The Tribunal further accepts the Respondent's undertaking that any

credit received will be reflected in future service charge accounting and reconciliation statements.

18. The Tribunal has also considered the Applicants' challenge to the reasonableness of the charges themselves. Whilst Mr Martin asserted that a residential tariff would have been cheaper, he did not produce any comparative tariff evidence or other material demonstrating what the communal electricity charges ought reasonably to have been during the relevant periods. Equally, there was no evidence that the Respondent deliberately selected a more expensive tariff or failed to take reasonable steps once the issue was identified.

19. In the circumstances, the Tribunal finds that the communal electricity costs were reasonably incurred and are recoverable through the service charge. Whilst the account was historically on an inappropriate tariff, the Respondent accepted the error, took steps to remedy it, and EDF has provided a credit in respect of the overcharge. The Tribunal expects that credit to be reflected in the next service charge reconciliation. No adjustment is required by the Tribunal as there was no evidence to demonstrate what the appropriate sums would be.

**Management Fees**

20. The Applicants challenged the reasonableness of the management fees, contending that the Respondent had failed adequately to address the issues of water ingress affecting Flat 4 and had not undertaken sufficient investigations or obtained surveyor's reports. Mr Martin said that the management fee of £165 charged in 2021 was excessive when considered against what he described as limited management activity and a failure to address concerns regarding the condition of the building.

21. The Tribunal accepts that the Applicants' concerns regarding the management of the Property were genuinely held but that does not mean that the Tribunal finds those concerns to be correct. The Tribunal's task is to determine whether the management fees demanded were reasonably incurred, rather than to determine disputed issues concerning liability for water ingress or the adequacy of repair investigations. As the Tribunal indicated during the hearing, claims arising from the water ingress and associated remedial works did not form part of this application.

22. The Tribunal accepts the Respondent's evidence that the management function extended beyond arranging repairs. The Respondent described

a range of management activities, including arranging insurance, liaising with insurers and brokers, preparing and serving service charge demands, maintaining accounting records, dealing with correspondence from leaseholders, administering payments, and managing claims and disputes. The Tribunal considers that such activities are consistent with the ordinary management of a small residential building.

23. The Tribunal also notes that the management fee in issue was relatively modest. The Applicants did not provide any comparative evidence to demonstrate that the fee exceeded market norms for a building of this nature, nor was any alternative valuation of the management function advanced. Whilst the Applicants criticised the standard of management provided, the evidence before the Tribunal was insufficient to establish that the fee itself was unreasonable.

24. The Tribunal therefore finds that the management fees were reasonably incurred and are payable under the terms of the lease. The Applicants' concerns regarding the handling of water ingress and repairs do not provide a sufficient basis, on the evidence before the Tribunal, for disallowing the management fees claimed.

**Reserve Fund Contributions**

25. The Applicants did not object to the existence of a reserve fund in principle and accepted during the hearing that the lease contains provisions relating to a sinking or reserve fund. Mr Martin's concerns were directed primarily to the absence of information concerning the purpose of the fund, the basis upon which contributions had been calculated, the anticipated future expenditure for which the fund was being collected, and the manner in which monies held in the fund would be accounted for. He also expressed concern that there had been no clear response to the issues arising from the water ingress affecting Flat 4 and that no maintenance plan had been produced.

26. The Respondent explained that the decision to establish a reserve fund arose, at least in part, from concerns raised by the Applicants regarding the future maintenance of the building. He accepted that there had previously been no reserve fund.

27. The evidence before the Tribunal regarding the operation and administration of the reserve fund was limited. The Tribunal is mindful, however, that the present application concerns the payability and reasonableness of the service charge demands before it. The

Tribunal does not have a general supervisory function over the management of the building. The Tribunal found it difficult to identify any evidential basis upon which the reserve fund contribution itself was said to be unreasonable or irrecoverable. The Tribunal has considered whether the level of information provided by the Applicants is sufficient to render the contribution unreasonable. On the evidence before it, the Tribunal is unable to reach that conclusion, there was no evidence that the contribution demanded was excessive in amount or calculated incorrectly.

## Costs Applications

*Section 20C and paragraph 5A of Schedule 11*

28. The Applicants have been unsuccessful in their application however the Respondent did not refer the Tribunal to any provision which permitted cost recovery under the terms of the lease. The Tribunal notes that the concerns raised by the Applicants arose from a genuine, albeit misguided, dispute. The Tribunal makes an order pursuant to section 20C of the Landlord and Tenant Act 1985 and an order pursuant to paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002.

29. Under rule 13(2) of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013, the Tribunal has the power to make an order in respect of costs, including the reimbursement of fees, where it considers it just to do so. The Applicants have not been successful in these proceedings. In the exercise of that discretion, the Tribunal does not consider it appropriate that the Applicants should recover the Tribunal fees incurred in bringing this application.

*Rule 13 of the Tribunal Procedure*

30. Under rule 13 of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013, the Tribunal has power to make an order in respect of costs incurred because of 'unreasonable conduct'. The Tribunal has considered the Respondent's application and costs schedule. The parties were given the opportunity to make representations at the hearing, as directed by Tribunal Judge Lumby, both parties were content for the matter to be determined by the Tribunal as part of its decision-making exercise.

31. In the Tribunal's judgment, a limited part of the Applicants' conduct satisfies the high threshold for a costs order under Rule 13, as derived

from the Upper Tribunal case in *Willow Court Management Company (1985) Ltd v Alexander* [2016] UKUT 290 (LC). At paragraph 24 of its decision, the UT approved the guidance given in *Ridehalgh v Horsefeld* [1994] Ch 205 which described "unreasonable" conduct as including conduct that is "vexatious and designed to harass the other side rather than advance the resolution of the case.

32. The Tribunal sets out its findings in relation to the three-staged approach to a Rule 13 application below. The first stage is to determine whether a person has acted unreasonably, this is an essential precondition of the power to award costs under the rule and if there is no explanation for the conduct complained of the behaviour will properly be judged to be unreasonable. This requires the application of an objective standard of conduct to the facts of the case. The second and third stages involve the exercise of discretion on part of the Tribunal, at the second stage the Tribunal must consider whether, in light of the unreasonable conduct identified, it ought to make an order for costs. The third stage is what the terms of the order should be.

33. Firstly, the Tribunal notes that the Respondent had to make applications that should ordinarily have been unnecessary, the procedural conduct was poor and generated unnecessary work for what should have been a straightforward matter. The Applicants were clearly informed that 'without prejudice' material was inadmissible yet persisted with their inclusion, similarly, the Tribunal was unimpressed that key documents for the Respondent had been left out which only served to harass the other side rather than advance resolution of the case. The parties are reminded that the 'bundle' is to assist the Tribunal in understanding the facts of a case, not for point-scoring.

34. Secondly, having regard to the procedural history of these proceedings, the Tribunal is satisfied that it should exercise its discretion to make a costs order but that it should be limited to costs unnecessarily incurred as a result of the Applicants unreasonable conduct, namely: the failure to comply with directions for filing and serving the hearing bundle, the provision of a materially defective bundle which omitted substantial parts of the Respondent's evidence and the consequential need for the Respondent to address strike-out and reinstatement issues and to prepare the supplemental composite electronic bundle ordered by Judge Lumby.

35. Third, the Tribunal also notes that, in his decision dated 12 October 2026, Judge Lumby expressly provided that the reasonable costs of preparing the supplemental electronic bundle could be included in any

costs application made by the Respondent. The Tribunal does not consider that all of the costs set out in a Schedule of Costs dated 14 October 2026 are recoverable under Rule 13 and has therefore undertaken a summary assessment identifying those costs which directly flowed from the Applicants conduct. The total sum awarded is £914.50 plus VAT, giving a total of £1,097.40. The Applicant shall pay that sum to the Respondent within 28 days of the date of this decision.

## 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 p roceed.

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.