FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Case reference	:	**LON/00BG/LSC/2026/0262**
Property	:	**3204 Hobart Building, 2 Wards Place, London, E14 9XJ**
Applicant	:	**Evren Yurtseven**
Representative	:	**In person**
Respondent	:	**Eco World-Ballymore Arrowhead Quay Company Limited**
Representative	:	**Mr Hammond – counsel instructed by Charles Russell Speechlys LLP**
Type of application	:	**For the determination of the liability to pay service charges under section 27A of the Landlord and Tenant Act 1985**
Tribunal members	:	**Ms S Beckwith MRICS** **Mr M Pearce MRICS**
Venue	:	**10 Alfred Place, London WC1E 7LR**
Date of decision	:	**24 September 2026**

DECISION

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Decisions of the tribunal

(1) The tribunal determines that the interim service charge for the period 1 January 2026 to 30 June 2026 in the amount of £3,415.35 is reasonable and payable.

(2) The tribunal does not make an order under section 20C of the Landlord and Tenant Act 1985 and the Commonhold and Leasehold Reform Act 2002 Paragraph 5A of Schedule 11.

(3) The tribunal does not make an order for the refund of the tribunal fees which have been paid by the Applicant.

The application

1. The Applicants seek a determination pursuant to s.27A of the Landlord and Tenant Act 1985 ("the 1985 Act") as to the reasonableness and payability of interim service charges demanded for the period 1 January 2026 to 30 June 2026 in the amount of £3,415.35.

The hearing

2. A hearing took place on 24 August 2026. It was attended by:

- The Applicant, Mr Yurtseven. He was accompanied by Mr Jasinghe, another leaseholder.
- The Respondent's Representative Mr Hammond.
- Ms Pandya and Ms O'Leary from Charles Russell Speechlys LLP.
- Ms Hellman, Director of Property and Deputy Managing Director of Ballymore Asset Management (BAML), the managing agent for the Property.

3. The tribunal had been provided with the following:

- a bundle of 239 pages
- a skeleton argument on behalf of the Applicant [AS]
- a skeleton argument on behalf of the Respondent [RS]

4. Numbers in square brackets relate to the relevant pages in the bundle.

5. At the hearing, the tribunal heard witness evidence from Ms Hellman, who outlined how the service charge budget was prepared.

The background

6. The Property which is the subject of this application is a one-bedroom flat within the Wardian Tower complex in Canary Wharf ("the Development"). The Development comprises two towers, referred to as the East Tower and the West Tower. In total there are 677 units across the two towers. The East Tower is also known as the Bagshaw Building. The West Tower is made up of the Hobart Building, comprising private flats; and the Forrest Building, comprising affordable and shared ownership units. The Forrest Building has its own entrance. Both towers sit above a podium, which has communal facilities, retail units, a cinema room, workspace and business lounge. Wardian private residences (Bagshaw and Hobart) have access to amenities including a rooftop observatory, gym, swimming pool, cinema and lounge. There is also a 24-hour concierge.

7. The Property is situated within the Hobart Building and therefore has access to the amenities for private residences.

8. Neither party requested an inspection and the tribunal did not consider that one was necessary, nor would it have been proportionate to the issues in dispute.

9. The Applicant holds a long lease of the Property which requires the landlord to provide services and the tenant to contribute towards their costs by way of a variable service charge. The specific provisions of the lease will be referred to below, where appropriate.

The lease

10. The Applicant holds a lease dated 12 October 2020 made between Eco World-Ballymore Arrowhead Quay Company Limited and Chen Hsin Lin.

11. Paragraph 10 of the Fourth Schedule provides:

> *(a) to pay to the Landlord within fourteen days of written demand the Residential Service Charge Proportion of:*
>
> *(i) such of the costs charges and expenses which the Landlord shall properly incur in providing the Services which the Landlord (acting reasonably) designates as being a Residential Service Charge Item and*
>
> *(ii) the costs charges and expenses which the Landlord shall properly incur in doing any works or things*

to those parts of the Building utilised by the residential flats owners for the maintenance and/or improvement thereof

12. Clauses (b) and (c) are similarly worded in respect of the Estate Service Charge Proportion and Building Service Charge Proportion.

13. The Landlord's covenants are set out in the Sixth Schedule and Additional Services that the Landlord is to provide are set out in the Seventh Schedule.

14. Within Clause 1(a) the "Residential Service Charge Proportion", the "Estate Service Charge Proportion", and the "Building Service Charge Proportion" are all defined as "*such fair and reasonable proportion as the Landlord acting reasonably shall from time to time determine*".

The relevant law

15. Section 19 of the 1985 Act it provides as follows:

> *(1) Relevant costs shall be taken into account in determining the amount of a service charge payable for a period –*
>
> *(a) Only to the extent that they are reasonably incurred, and*
>
> *(b) Where they are incurred on the provision of services or the carrying out of works, only if the services or works are of a reasonable standard: and the amount payable shall be limited accordingly.*
>
> *(2) Where a service charge is payable before the relevant costs are incurred, no greater amount than is reasonable is so payable, and after the relevant costs have been incurred any necessary adjustment shall be made by repayment, reduction or subsequent charges or otherwise…."*

16. Section 27A of the 1985 Act gives this tribunal jurisdiction to determine the reasonableness and payability of service charges.

17. In *Williams v Aviva Investors Ground Rent GP Ltd [2023] UKSC 6; [2023] 2 WLR 484* the Supreme Court reviewed the approach that should be adopted by tribunals in considering the reasonableness of service charges. Lord Briggs JSC (at [14]) recognised that the making of a demand for payment of a service charge will have required the landlord (or managing agent) first to have made a number of discretionary management decisions. These will include what works to carry out or services to perform, with whom to contract for their provision and at what price, and how to apportion the aggregate costs among the tenants benefited by the works or services. To some extent the answers to those questions may be prescribed in the lease, for example by way of a covenant by the landlord to provide a list of specified services, or by a

fixed apportionment regime. But even the most rigid and detailed contractual regime is likely to leave important decisions to the discretion of the landlord. A landlord is contractually obliged to act reasonably. This is subject to this tribunal's jurisdiction under the 1985 Act to determine whether the landlord acted reasonably (see [33]).

18. In respect of apportionment, both parties referred to *Bradley v Abacus Land 4 Ltd [2025] EWCA Civ 1308* (*Bradley*), which concerned service charge apportionment. In this case, much consideration was given to the role of the tribunal, which was summarised by Lord Justice Nugee at [79] as:

> *"That is why I have not found the debate about whether the FTT is to apply a rationality test or a test of objective reasonableness a useful one in practice. I prefer to say that in a case like this the role of the FTT is limited to deciding whether a landlord has acted in breach of contract; that a landlord will only have acted in breach of contract if the decision it has made was not one open to it in the circumstances; and that where the lease requires the landlord to act reasonably or exercise a reasonable discretion, that will only be so if the decision is one that no reasonable landlord could have reached".*

The issues

19. At the start of the hearing the parties identified the relevant issues for determination as follows:

    (i) Whether the apportionment methodology is fair and reasonable, including whether the Respondent has exercised its contractual discretion reasonably.

    (ii) Whether the insurance costs have been reasonably apportioned to the Applicant.

20. Having heard evidence and submissions from the parties and considered all of the documents provided, the tribunal has made determinations on the various issues as follows.

Apportionment methodology

The Applicant's case

21. Mr Yurtseven acquired his lease of the Property in February 2025. Prior to acquiring the lease, he had been living in the Development since 2020. During the course of his residence, he has observed a change in occupancy patterns, including an increase in the number of flats being occupied by multiple individuals rather than single occupants or

households. He therefore believes that the overall number of residents using the Development's communal services and facilities has increased. This has impacted the benefit of the services, for example, he has chosen to use a commercial gym due to overcrowding in the one in the Development.

22. Mr Yurtseven set out the background to the dispute whereby he had raised the issue of the apportionment of the service charge with the Respondent and asked them to consider whether apportionment on a usage basis would be more appropriate given the increased number of residents using the communal amenities. The Respondent confirmed to him that no review would be undertaken.

23. Mr Yurtseven referred to the RICS Code of Practice: Service charge residential management Code and additional advice to landlords, leaseholders and agents ("the RICS Code") [135-137]. The 3rd edition was effective at the time the subject service charge budget was prepared and states within its core principles:

> *Depending on the terms of the lease, the basis and method of apportionment, where possible, should be demonstrably fair and reasonable to ensure that individual occupiers bear an appropriate proportion of the total service charge expenditure that reflects the availability, benefit and use of services.*

24. The 4th edition of the RICS Code became effective from 7 April 2026 and contains similar wording. Mr Yurtseven emphasised the need for the proportion of service charge expenditure to reflect the availability, benefit and use of services, which is why he considered that the actual use of the services should be considered.

25. Mr Yurtseven asked the Respondent to review the information it already has about usage of the communal amenities in the Development. For example, he referred to the Health Club Rules [231-234] which require residents to register, which he submitted should allow the Respondent to analyse which residents have access to the Health Club benefit.

26. The wording of the Lease requires the Landlord to "from time to time determine" the fair and reasonable proportion. Mr Yurtseven submitted that in declining to review how the apportionment was undertaken, the Respondent had not exercised their discretion.

27. In discussing *Bradley*, Mr Yurtseven set out that the case involved a two-stage process, firstly allocating expenditure between service charge categories, and secondly dividing the amount in a category between individual leaseholders. The second stage apportionment, which was done by reference to floor area, was not challenged and therefore distinguished *Bradley* from this case.

The Respondent's case

28. The service charge budget document [78-98] sent to leaseholders refers to nine heads of expenditure. These are then further broken down. Comparison tables show the relative cost per sq ft for various categories of expenditure across the different parts of the Development (East Tower/West Tower/ Commercial/Car Park).

29. The summary schedule [139] provided by the Respondent shows how each individual amount of expenditure is allocated across different schedules, including Shared Services, Buildings, Car Park and Commercial.

30. In her witness statement, Ms Hellman sets out how the service charges are apportioned [166-168]. Figures for the Applicant's apportionment are provided [176]. The Applicant's flat has a NIA of 555 sq ft. A 137.5% ratio is used to arrive at a GIA of 763 sq ft. This is a standard calculation to add a proportionate part of the building's common parts and is used across the Development. The apportionments are as follows:

- Estate – the flat GIA (763) divided by the Estate GIA (761,536) = 0.1002%
- Building – the flat NIA (555) divided by the NIA of the flats within the Hobart Building (147,000) = 0.3776%
- Residential – the flat NIA (555) divided by the total NIA of private residential flats (464,068) = 0.1196%.

31. When giving evidence, Ms Hellman confirmed that the floor areas were first set prior to the completion of the Development. The apportionment methodology was discussed and agreed between the managing agent (BAML) and the Respondent. There is an approval process each year, whereby the budget is set by BAML and approved by the Respondent. Consideration of whether the proportions are fair and reasonable would be considered each year within the budget setting and approval process. Ms Hellman was not aware of whether there was a review cycle for the apportionment methodology.

32. Ms Hellman confirmed that BAML considers that the floor area apportionment methodology is in line with the RICS Code – this is her experience of working in the sector, where it is well used and understood to be fair.

33. In terms of the requirement for service charges to reflect benefit and use, Ms Hellman outlined how the service charge items were split across the schedule [139], for example the social rent tenants (Forrest) having no allocation of the concierge costs, because they do not have access to this service.

34. Mr Hammond submitted that as per *Bradley*, the tribunal is not the primary decision-maker. The Landlord has made a decision in accordance with the contract (the Lease), which requires the Applicant to pay a fair and reasonable proportion. The Respondent is therefore not in breach of contract. The Respondent has not acted unreasonably. It has exercised its discretion. There are a range of possible methods of apportionment and the landlord is entitled to choose which one to implement.

35. Mr Hammond submitted that there is a high threshold for a landlord to have been in breach, in that it must have been a decision that no reasonable landlord could have adopted.

36. Apportionment by floor area is a static, easily verifiable method. It is transparent and certain, allowing both the landlord and tenant to know how the service charge will be apportioned and budget accordingly. It also avoids disputes, which would be highly likely under a hybrid model given frequent changes in occupancy. The administrative burden of reviewing changes in occupancy would not be cost-effective, reliable or fair.

37. Mr Hammond therefore submitted that the floor area method of apportionment is demonstrably fair and reasonable, as required by the RICS Code.

The tribunal's decision

38. The tribunal determines that the method of apportionment implemented by the Landlord is fair and reasonable and therefore the interim service charge demanded is reasonable and payable.

Reasons for the tribunal's decision

39. The tribunal has sympathy with the Applicant that the budget document does not fully explain the way in which the service charges are distributed across various schedules and then apportioned to leaseholders and how this relates to the various definitions of service charge items in their lease (Residential, Estate and Building). The general heads of expenditure on the budget [84-86] are not organised in the same way as the overall schedule [139]. Different naming conventions of the buildings are used. A calculation translating the budget into the demand, showing the apportionment applied to the Applicant's flat, is not provided.

40. Whilst the Respondent may have some work to do in its communication to leaseholders of what is clearly a complex estate and therefore budget, this does not mean they have acted unreasonably. The Respondent has explained their methodology for apportioning the various items of service charge expenditure to the estate or individual buildings, which is

based on which services the residents have access to (i.e. availability, benefit and use).

41. We agree with the Respondent that apportioning service charges by floor area is widely accepted in the industry as a fair and reasonable method and complies with the requirements of the RICS Code. Following *Bradley*, the tribunal finds that the decision to apportion the service charge by floor area is within the discretion of the landlord and is clearly one a reasonable landlord could have decided to adopt. We also find that declining to review the method of apportionment on the request of one leaseholder in a development of over 600 units is reasonable and does not mean the Respondent has not exercised its discretion.

42. The Applicant offered no alternative methodology, other than a general assertion that certain schedules are usage sensitive and therefore should be based on occupancy and usage data, which the Respondent should have. It was not clear to us what the Applicant was hoping would be implemented and indeed he stated that he was not proposing an alternative scheme or expecting the tribunal to determine one. The tribunal agrees with the Respondent that it would be impractical to apportion the service charge on an occupancy/usage or hybrid basis.

43. In his skeleton argument, the Applicant sets out alternative amounts for certain lines of the service charge demand [AS58]. These alternative sums were not highlighted or advanced as part of his case, in the Scott Schedule or statement in reply. The tribunal finds that these figures do not fall within the scope of the application and the Respondent has not had any chance to consider or respond to them. The tribunal notes that the demand which it has found to be reasonable and payable is an estimate. The figures will be reconciled when the actual costs are known. Should the Applicant consider the figures to be incorrectly calculated at this time, he can raise this with the landlord and bring a further application under Section 27A should he choose to do so.

Insurance apportionment

The Applicant's case

44. Mr Yurtseven outlined that there was conflicting information provided by the Respondent about the insurance apportionment. The Respondent initially stated that the insurer determines the amount apportioned to the Development. The evidence shows that each tower has an individual amount attached to it, those amounts are combined and then split back between the two towers.

45. The budget documents states that "*the insurer determines the apportionments once all renewal information has been provided*" [90].

Ms Hellman's witness statement confirms that the separate buildings are assessed and insured on a standalone basis [169].

46. The engineering insurance premium is for the holding company [186]. The overall premium is £229,590.06. This compares to £82,038.32 allocated to the Development [209]. This split has not been explained.

The Respondent's case

47. An insurance update for leaseholders from Marsh, the insurance broker, dated October 2025 [193-208] was appended to Ms Hellman's witness statement. This sets out how Marsh undertakes the portfolio insurance renewal process, including seeking quotes from different insurers. A letter from Marsh explains the calculation of the premium for the Wardian Development [177-178].

48. Ms Hellman's witness statement explains the apportionment of insurance across the Development [169-170]. Engineering insurance is split between the Estate and individual Building schedules. Building and terrorism insurance is allocated across the Building schedules on the basis of floor area. Insurance claims management fee and insurance placement fee are charged to the Estate schedule. A schedule showing the allocations was appended [209]. Once allocated to the schedules, the insurance amounts are then apportioned by flat as per the floor area methodology in paragraph 30.

49. Ms Hellman explained that the amount in the budget is an estimated amount. The insurance policy runs from 1 August 2025 to 31 July 2026, whereas the service charge budget relates to a different accounting period. The figure in the budget therefore does not match the insurance certificates [177-179], because these have to be reconciled once the actual cost for each year is known.

50. Mr Hammond submitted that the Applicant has raised questions as to the amount of insurance premium allocated to the Development. These were not raised in the original application, Scott Schedule or Applicant's initial statement of case. The question raised was as to whether the apportionment of insurance premium to the Applicant was fair and reasonable. The apportionment methodology has been explained by Ms Hellman and falls within the test outlined in *Bradley*.

<u>The tribunal's decision</u>

51. The tribunal determines that the insurance contribution apportioned to the Applicant for the interim service charge is reasonable and payable.

Reasons for the tribunal's decision

52. The Applicant's statement in reply asks the tribunal to consider six questions in respect of the insurance premium. The only question raised in the application and statement of case is apportionment and this is what the tribunal has considered.

53. There appears to have been some confusion about a statement that the managing agent/Respondent does not apportion the insurance amounts, the insurer does. The Respondent has a portfolio of properties which are insured via a broker, Marsh. That broker has explained how the insurers arrive at a premium for a building. Whilst the insurance is taken out for a portfolio, the individual premium per building, in this case the West Tower (Hobart and Forrest Buildings), has been allocated. This is the apportionment done by the insurer. The Respondent then allocates the insurance premiums within its own schedule for the Development and applies the floor area apportionment methodology to arrive at the figure per flat.

54. The tribunal finds that the Respondent's approach as to how insurance amounts are obtained from a broker, allocated for the purposes of the service charge budget and apportioned per flat on a floor area basis to be fair and reasonable.

55. The demand in question is an estimate. The tribunal finds that the approach adopted by the Respondent in estimating the amount of insurance for the purposes of the budget is fair and reasonable. We accept the explanation of Ms Hellman that an estimated charge is required due to the differing time periods covered by the service charge and insurance. The actual insurance premium allocated to the West Tower will be applied once the service charge accounts are reconciled.

Application under s.20C and refund of fees

56. At the end of the hearing, the Applicant made an application for a refund of the fees that had been paid in respect of the application/ hearing[1]. In the application form, the statement of case and at the hearing, the Applicant applied for an order under section 20C of the 1985 Act and paragraph 5A of Schedule 11 to the 2002 Act.

57. Mr Yurtseven submitted that the application to the tribunal was needed to get fuller answers to his questions. He did so after seeking advice from LEASE. He suggested that appointing external solicitors was not proportionate. The Respondent is a commercial entity and could bear their own litigation costs.

[1] The Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013

58. Mr Hammond opposed the applications. He outlined that the managing agents had outlined the apportionment methodology to the Applicant in a residents' surgery in December 2025. It was Mr Yurtseven's choice and risk to come to a hearing if he did not like the answer given. Everyone has the right to bring an application, but it may not be sensible to do so. It would not be just and equitable to prevent the cost of the tribunal proceedings to be passed on to Mr Yurtseven who brought the case, when it would otherwise have to be borne by the other leaseholders.

59. The tribunal is entitled to make such order as it considers to be just and equitable in the circumstances. This application has not succeeded. Whilst much was made by Mr Yurtseven about the chronology of meetings to attempt to resolve the matter, Mr Yurtseven could have chosen to withdraw the application at any time before the hearing if and when he was satisfied with the information provided. In such circumstances, the tribunal does not consider it appropriate to make orders under section 20C of the 1985 Act and paragraph 5A of Schedule 11 to the 2002 Act. In the light of our findings, we do not make any order for the refund of the tribunal fees which have been paid by the Applicant.

Name: Ms S Beckwith MRICS **Date:** 24 September 2026

Rights of appeal

By rule 36(2) of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013, the tribunal is required to notify the parties about any right of appeal they may have.

If a party wishes to appeal this decision to the Upper Tribunal (Lands Chamber), then a written application for permission must be made to the First-tier Tribunal at the regional office which has been dealing with the case.

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

If the application is not made within the 28-day time limit, such application must include a request for an extension of time and the reason for not complying with the 28-day time limit; the tribunal will then look at such reason(s) and decide whether to allow the application for permission to appeal to proceed, despite not being within the time limit.

The application for permission to appeal must identify the decision of the tribunal to which it relates (i.e. give the date, the property and the case number), state the grounds of appeal and state the result the party making the application is seeking.

If the tribunal refuses to grant permission to appeal, a further application for permission may be made to the Upper Tribunal (Lands Chamber).