

FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Case Reference	**:**	**HAV/00HQ/LSC/2026/0038**
Property	**:**	**Flat 1, 29 Windsor Road, Bournemouth, Dorset, BH5 1DT**
Applicant	**:**	**Kimberley Thompson**
Respondent	**:**	**The Second Generation Company (1994) Limited**
Type of Application	**:**	**Determination of liability to pay and reasonableness of service charges Section 27A Landlord and Tenant Act 1985**
Tribunal Members	**:**	**Mr D Cotterell FRICS** **Ms T Wong**
Date of Hearing	**:**	**1 October 2026**
Date of Decision	**:**	**9 November 2026**

DECISION

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Decision of the Tribunal: Summary

1. **In relation to the specific items challenged in the application falling within the Tribunal's jurisdiction under this application, the Tribunal determines as follows:**

2. **The Respondent freeholder's demand dated the 24 July 2025 is invalid as a service charge demand for the amounts claimed in it.**

3. **The Respondent freeholder's demands dated the 10 June 2025 and 24 July 2025 do not comply with the requirements of s.21B of the Landlord and Tenant Act 1985.**

4. **The Applicant's liability for insurance for an insurance policy running from 28 February 2025 – 27 February 2026 is £296.75.**

5. **The "Annual Service / Management charge" of £900 is not payable as a service charge under the lease.**

6. **Any other part of the Application falling outside of the Tribunal's jurisdiction to determine, is struck out under Rule 9(2) of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013.**

7. **The Tribunal makes an order under section 20C of the Landlord & Tenant Act 1985 and Paragraph 5A Schedule 11 Commonhold and Leasehold Reform Act 2002**

8. **The Tribunal makes an order for Reimbursement of the Application Fee under Rule 13(2) of the Tribunal Procedure (First-Tier Tribunal) (Property Chamber) Rules 2013 payable by the Respondent to the Applicant, in the amount of £114.00**

9. **The Tribunal's reasons are set out below.**

The Application

10. The application seeks determination of liability to pay and/or reasonableness of service charges under s.27A of the Landlord & Tenant Act 1985 in relation to Flat 1, 29 Windsor Road, Bournemouth, Dorset, BH5 1DT. (the Property).

11. The application was dated and was received on 14 January 2026. The Applicant challenges service charges levied in the service charge years 2024/25 and in prospect 2025/26.

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12. Directions were given on the 22 June 2026 and subsequently on 16 July 2026 following a case management hearing.

13. The application was determined on the papers at Havant Justice Centre, Elmleigh Road, Havant. The parties provided, and the Tribunal read and considered, a main bundle of 161 pages. References in square brackets "[ ]" refer to the electronic page numbers in that bundle. A separate copy of the lease of Flat 1 was filed with the Tribunal.

14. Both parties' cases were supported by a statement of case; the Applicant also replied Respondent's statement of case.

The Parties Evidence & Submissions

15. In her statement of case, the Applicant set out, broadly 8 matters:

i - Service charge payment dates:

16. She says that Respondent's demands do not comply with the terms of the lease, are inadequately supported by evidence and seek payment for periods that she says were already paid in full to the previous freeholder, Macrogate Limited. She submits that service charge contributions are due only on 25 March and 29 September in each service charge year, that runs from 29 September annually. In February 2025, the previous freeholder had demanded and had certified charges for insurance, management and accountancy costs together with ground rent, which she paid in full.

ii – Changed accounting period

17. Following the acquisition of the freehold by the Respondent, new demands were issued in June and July 2025 covering a different accounting period, namely 28 February to 27 February, inconsistent with the lease provisions. The Applicant said that the respondent has no right to substitute a February-to-February accounting cycle for that specified in the lease.

iii – Duplication of charging

18. Further, the Applicant said that she had already paid all sums due for the year ending 29 September 2025, including insurance and management costs, and that the Respondent's later demands overlap with that period thereby requiring her to pay twice for the same liabilities. The disputed sums, totalling £734.02, were nevertheless paid, albeit under protest.

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iv – Service charge credit accounting

19. Another dispute concerns a credit of £361.65 which the respondent stated had been transferred from the previous freeholder and for which the Applicant says she has never been given adequate explanation and in any event settlement of the service charge credit balances between vendor and purchaser of the freehold are not her responsibility, but calculates that her account was in credit by a greater sum.

v – Failure to comply with s.21B of the Landlord and Tenant Act 1985

20. With regard to an amended demand issued on 24 July 2025, the Applicant says that it was not accompanied by the required summary of tenants' rights and obligations. As a result of this failure to comply with s.21B, she was entitled to withhold payment until that was remedied.

vii – Insurance cost apportionment

21. The Applicant also challenged the apportionment of insurance costs under the lease and pointed out that she is required to pay one-quarter of the costs of buildings insurance not the one-third apportionment sought by the Respondent.

viii – Reasonableness of management charge

22. In addition, the Applicant disputed the reasonableness of the management charge levied by the Respondent, arguing the £900 annual charge is unreasonable for a small, converted building where no works or significant services have been carried out and that the £300 share is double that charged by the previous freeholder.

ix – Costs matters

23. Finally, the Applicant sought orders under s.20C of the Landlord and Tenant Act 1985 and Paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002 preventing the respondent from passing its litigation costs on to leaseholders, together with reimbursement of the Tribunal application fee of £114.

24. In its statement of case, the Respondent maintained that the Applicant's complaints are largely misconceived, that many issues fall outside the Tribunal's jurisdiction, and that all sums demanded have been lawful and reasonable. It makes broadly 7 points

i – Ground rent

25. It submits that ground rent is not part of the Applicant's claim and is outside the Tribunal's jurisdiction to determine. It nevertheless asserts that all demands were accompanied by the statutory notices required by law.

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ii – Acquisition of the freehold.

26. The Respondent acquired the freehold of the building on 3 April 2025 and relied on information provided by the previous freeholder, Macrogate Ltd. According to the Respondent, a demand had already been issued by the previous owner covering the period to 29 September 2025. Following acquisition, the Respondent issued a demand on 10 June 2025 for £1,095.67 and advised the Applicant to take up any concerns directly with the former freeholder.

iii – Further demands

27. The Respondent explained that a revised demand issued on 24 July 2026 reflected the credit received from the previous owner. It contends that the original demand remained valid and that the adjusted balance of £734.02 was properly due. The Respondent further asserts that the Applicant had not provided evidence demonstrating payment of any ground rent or proving that she had made duplicate payments.

iv – Accounting periods

28. The Respondent claimed that it is entitled to operate a different accounting period from its predecessor and has moved to half-yearly collections which it claims is in accordance with the lease. Suggestions that it bears responsibility for any errors or overpayments arising before its acquisition of the freehold were rejected, arguing that any claim should be pursued against the previous freeholder. The Respondent emphasises that it has never received any allegedly duplicated payments and cannot be held liable for sums collected by a previous owner.

v – Management charges

29. The Respondent said that no service charge is levied because no services are provided to the building, but it does collect a management charge of £300 per flat annually, producing total income of £900 for 3 flats and that this amount pays for administration, correspondence, postage, insurance arrangements, banking charges, arrears management and other costs associated with owning and managing the building.

vi – Service charge accounts

30. Regarding requests for accounts and supporting documents, the Respondent suggested that because no service charge is levied there is no obligation to provide service charge accounts, and added that there is no sinking fund given that ownership only commenced in April 2025.

vii – Costs matters

31. The Respondent opposed the Applicant's request for reimbursement of the Tribunal application fee.

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32. The Applicant also filed a reply to the Respondent's statement of case, addressing the points raised in it.

The Lease

33. The copy lease provided for Flat 1 is, the Tribunal understands, in a similar form to all other leases at 29 Windsor Road with the exception of apportionment of charges.

34. The Tenant covenants various matters described the Sixth Schedule, including at clause 17 "*The Lessee shall on each 25th day of March and the 29th day of September during the continuance of this demise, pay such sum as shall be estimated by the Lessor as the Lessee's contribution under paragraph 18 of this Schedule*"

35. Further, at clause 18 to "*contribute and keep the Lessor indemnified from and against-*

(a) one quarter of all costs and expenses incurred or to be incurred by the Lessor in carrying out its obligations under and giving effect to the provisions contained in Part 1 of the Seventh Schedule hereto (other than under Clause 1.1 thereof) and of all costs and expenses incurred or to be incurred by the Lessor in carrying out its obligations under and giving effect to the provisions contained in Part 2 of the Seventh Schedule hereto

(b) One equal share with other Owners of the payments made by the Company pursuant to its obligations under Clause 1.1 of Part 1 of the Seventh Schedule hereto in respect of all Flats demised to an Owner or let by the Lessor from time to time

(c) One half of the cost of maintaining, repairing, decorating, cleaning, lighting and carpeting all that part of the hallway shown edged in blue on Plan 2…"

36. The Seventh Schedule at clause 1.1 requires the Lessor to "*pay all existing and future rates taxes assessments and outgoings now or hereafter imposed on or payable in respect of the Reserved Property including all charges for water and sewage services for any part of the Estate*".

37. The other clauses in the Seventh Schedule set out in detail the requirements on the Lessor regarding maintenance of the Property.

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The Legal Principles

38. The law requires that service charges must be reasonably incurred and are payable only where works are carried out to a reasonable standard. For that purpose, s.18 of the Landlord & Tenant Act 1985 defines the concept of "service charge" and "relevant costs":

(1) In the following provisions of this Act "service charge" means an amount payable by a tenant of a dwelling as part of or in addition to the rent –

(a) which is payable, directly or indirectly, for services, repairs, maintenance, improvements or insurance or the landlord's costs of management, and

(b) the whole or part of which varies or may vary according to the relevant costs.

(2) The relevant costs are the costs or estimate costs incurred or to be incurred by or on behalf of the landlord, or a superior landlord, in connection with matters for which the service charge is payable."

As to the limitation of service charges and their reasonableness it goes on to say at section 19:

(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.

39. S.21B of the Act adds:

"*21B - Notice to accompany demands for service charges*

(1) A demand for the payment of a service charge must be accompanied by a summary of the rights and obligations of tenants of dwellings in relation to service charges.

(2) The Secretary of State may make regulations prescribing requirements as to the form and content of such summaries of rights and obligations.

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(3) A tenant may withhold payment of a service charge which has been demanded from him if subsection (1) is not complied with in relation to the demand.

(4) Where a tenant withholds a service charge under this section, any provisions of the lease relating to non-payment or late payment of service charges do not have effect in relation to the period for which he so withholds it.

…"

Submissions & Analysis

40. The Tribunal thanks the parties for their comprehensive and helpful submissions.

41. As a preliminary, the Tribunal points out that its jurisdiction arising from the application is limited to determining firstly whether the sums claimed in the service charge years 2021-2025 inclusive, are reasonable and reasonably incurred having regard to the terms of the lease and the limitations on such charges imposed by law – and secondly whether any order might be made under section 20C of the 1985 Act and/or paragraph 5A of Schedule 11 to the 2002 Act, and under Rule 13 in relation to costs.

42. The Tribunal has considered this scope across all the claims within its jurisdiction that are set out in the Application. The Tribunal cannot give a decision in relation to:

    a. reconciling any credit from previous freeholders;

    b. confirming payments due under the Lease;

    c. requiring the Respondent to provide documents required by the Lease.

43. As these matters are outside of its jurisdiction they must be struck out of this application under Rule 9(2) of The Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013. The Tribunal confirms that nothing in this decision shall prevent the Applicant from pursuing any remedies in relation to these matters by other means.

44. The remaining elements of the Applicant's claim and the parties' submissions on those elements are as follows:

<u>Service Charge Payment Dates & Changed Accounting Period</u>

45. As recited above, the lease sets out the timing of an obligation to make payments of charges each "*25th day of March and the 29th day of September*" estimated in

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accordance with part 18. In the Tribunal's opinion and deriving an understanding of the lease applying the 6 factors described in Arnold v Britton & Ors [2015] UKSC 36, that obligation requires demand for those charges to be accounted to the same period, so that the amount of payment due on those dates can be understood and paid by the by the Lessee. The lease then sets out the service charge accounting year as running from 24 June. Having regard to that, the Tribunal finds that the demand dated the 24 July 2025 does not comply with the terms of the lease.

Duplication of Charging & Service Charge Credit Accounting

46. The Applicant refers to the demand dated 24 July 2025 covering 3 charging items and payable in advance assuming a charging year running from 28 February 2025. The charging year and phasing of rent payments is set out in the Eighth Scheule to the lease. The Tribunal is satisfied that the Applicant had paid a demand for £500 for service charge (before adjustment for funds in hand) dated 5 February 2025 from the freeholder covering the period to 29 September 2025. Accordingly, any additional demand, validly served, for service charge would be added to the £500 already paid that the freeholder must account for in the service charge year ending 23 June 2026.

47. The freeholder is obliged by Part 2 of the Seventh Schedule to account for "*all costs and expenses*" to an accounting year of 24 June in each year and to serve notice of certification within 3 months afterwards.

Failure to Comply with s.21B of the Landlord and Tenant Act 1985

48. The Tribunal notes that while the demand dated 10 June 2025 was accompanied by a statement of rights and obligations, that statement was not in the form required by Regulation 3 of The Service Charges (Summary of Rights and Obligations, and Transitional Provision) (England) Regulations 2007 as updated in 2013. No similar document appears alongside the further demand dated 24 July 2025; the Tribunal finds on a balance of probability taking all the evidence before it that no such statement of rights and obligations was served with that demand of 24 July 2026 and it is accordingly invalid, as is the demand of 10 June 2025 because its statement of rights and obligations is incorrect .

Insurance cost apportionment

49. The demand of 24 July 2025 identifies an amount of £395.67 for insurance covering the period 28 February 2025 – 27 February 2026. In a letter of letter of 31 July 2026 [132] the Respondent confirms the premium amount of £1,187.01 – the amount demanded being one-third of that. The lease at Part 18(a) of the Sixth Schedule requires the Lessee to pay one-quarter (£296.75). The amount payable for insurance covering the period 28 February 2025 – 27 February 2026 is, in the

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Tribunal's calculation £296.75.

Management Charge

50. The Applicant challenges the amount of management charge at £900 for the whole building arguing that since it is a small, converted building where no works or significant services have been carried out there has been very little management carried out. In its letter of 31 July 2026 [132], the Respondent breaks down the £900 charge as:

General management & administration -	£450.00
Accounting, record keeping (including arrears management) -	£150.00
Compliance and legal administration -	£120.00
Insurance administration -	£90.00
Post, stationery and communications -	£90.00
Total	£ 900.00

51. The lease's provision for raising service charges for Flat 1 is founded in part 18(a) of the Sixth Schedule as mentioned earlier in this decision. In the Tribunal's view, that permits the Respondent to charge for its own work, but only in relation to the discharge of its duties under the Seventh Schedule (Part 1 excluding 1.1), and requires that such costs are accounted for and certified. Those duties include insurance and maintenance; the terms , permit recovery of the costs of "*Accountants Managing Agents or other servants agents and Contractors*" (Seventh Schedule part 1.7), but do not not permit the Freeholder to charge for its own time for matters other than those described under the Seventh Schedule (Part 1 excluding 1.1).

52. In this case therefore in the Tribunal's view on all the evidence before it, none of the items totalling the £900 fall within the definition of costs incurred under the Seventh Schedule (Part 1 excluding 1.1) and are thus not chargeable as a service charge under the lease. The reasonableness of the scale of charge or its proper apportionment do not therefore require determination on this application.

Decision

53. In consideration of the above and in relation to the specific items challenged in the application falling within the Tribunal's jurisdiction under this application, the Tribunal determines as follows:

54. The Respondent freeholder's demand dated the 24 July 2025 does not comply with the terms of the lease in relation to the accounting period which runs from 24 June in each year, and for which payments are required by the Applicant lessee on the 25 March and the 29 September in each year. The Tribunal considers that it is therefore invalid as a service charge demand for the amounts claimed in it.

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55. The Respondent freeholder's demands dated the 10 June 24 July 2025 do not comply with the requirements of s.21B of the Landlord and Tenant Act 1985.

56. The Applicant's liability for insurance for an insurance policy running from 28 February 2025 – 27 February 2026 is £296.75, being one quarter of the premium.

57. The "Annual Service / Management charge" of £900 charge appearing as a £300 apportionment to the Property in the demand of the 24 July 2025 and as more fully described in the Respondent's letter of the 31 July 2026 is not payable as a service charge under the lease.

58. Any other part of the Application falling outside of the Tribunal's jurisdiction to determine is struck out under Rule 9(2) of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013.

Applications under section 20C of the Landlord & Tenant Act 1985 & Paragraph 5A, Schedule 11 to the Commonhold & Leasehold Reform Act 2002.

59. In the application form the Applicant applied for an order under section 20C of the Landlord and Tenant Act 1985 Act. Such an order may restrict costs incurred by the landlord in these proceedings being levied in the service charge payable by the tenant (or any other leaseholder who signs up to the section 20C application). Additionally, an application was made under paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002. Such an application may reduce or extinguish the tenant's liability to pay an administration charge under the terms of their lease.

60. The most significant issue for the Tribunal to determine in this application was the payability of service charges is the issue that took up most of the Tribunal's time in considering the Application.

61. Having read the submissions from the parties and taking account of the Tribunal's view that the Applicant has succeeded in most of her points of challenge, the Tribunal determines that it is just and equitable in the circumstances for an order to be made under section 20C of the 1985 Act and paragraph 5A schedule 11 of the Commonhold and Leasehold Reform Act 2002, so that the Respondent may not pass any of its costs incurred in connection with the proceedings before the Tribunal through the service charge or as an administration charge.

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Reimbursement of Application Fee.

62. The Applicant also seeks reimbursement of his application fee under Rule 13(2) of the Tribunal Procedure (First-Tier Tribunal) (Property Chamber) Rules 2013 which provides as follows:

> *13(2) The Tribunal may make an order requiring a party to reimburse to any other party the whole or part of the amount of any fee paid by the other party which has not been remitted by the Lord Chancellor.*

63. In the Tribunal's view it is in all the circumstances of the subject application to order that the Respondent shall reimburse to the Applicant within 21 days of the date of this decision its application fee in the amount of £114.00.

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).

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