FIRST - TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Case Reference	:	HAV/43UF/LSC/2026/0100
Property	:	Flat 1 Hunter's Lodge, Nutfield Road, Redhill, Surrey RH1 4ED
Applicant	:	Michael James O'Rourke & Emelia Nicole O'Rourke
Representative	:	Simon Drury
Respondent	:	Hunter's Lodge (Redhill) Ltd
Representative	:	HML PM Limited
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	:	Tribunal Judge Bowden Tribunal Member Ms Wong
Venue	:	Paper Determination
Date of Decision	:	16 November 2026

DECISION

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This is a formal order of the Tribunal which must be complied with by the parties.
Communications to the Tribunal MUST be made by email to rpsouthern@justice.gov.uk. All communications must clearly state the Case Number and address of the premises.

Summary of Decision

(1) The Tribunal determines that Ad Hoc Demands are not payable, being the following two demands

- **26/08/25 | Major Roof Repairs due to age and deterioration | £500**
- **02/02/26 | Remedial Works & Legal Cost | £1,000**

(2) The Tribunal makes an order under section 20C of the Landlord and Tenant Act 1985 and Schedule 11, paragraph 5A of the 2002 Act so that none of the Landlord's costs of the tribunal proceedings may be passed to the lessees through any service charge.

Introduction

1. The Applicant seeks a determination pursuant to s.27A of the Landlord and Tenant Act 1985 ("the 1985 Act"), s20 of the 1985 Act and Schedule 11, paragraph 5A to the Commonhold and Leasehold Reform Act 2002 ("the 2002 Act") as to the amount of service charges and (where applicable) administration charges payable by the Applicant in respect of the service charge years 2024, 2025, 2026. The application is dated 21 February 2026.

2. The Tribunal had and considered the 234-page hearing bundle. If the Tribunal does not mention something in this decision from that bundle, it does not mean that it did not consider it.

The Hearing

3. In the Directions dated 20 August 2026, the Tribunal determined that the matter was suitable for a paper determination. The Directions gave the parties 28 days from the date of receipt of the directions to object

in writing. Neither party objected in writing; therefore, the matter proceeded as a paper determination.

4. The Applicants are Michael James O'Rourke & Emelia Nicole O'Rourke, who jointly hold the long leasehold interest in Flat 1 Hunter's Lodge, Nutfield Road, Redhill, Surrey RH1 4ED

5. The original 125-year lease is dated 05 June 2007 and is between Hunter's Lodge Hotel (Gurnsey) Limited (Lessor), Jonathan Alexander Gote and Gemma Gore (Lessee) and Hunter's Lodge (Redhill) Limited (The Company). The commencement date was 01 January 2006.

6. The Respondent is Hunter's Lodge (Redhill) Ltd. The Respondent has engaged a managing agent, HML PM Ltd. The managing agent represented the Respondent

The background

1. The property is a Victorian detached converted structure. The building sits on its own grounds and has a front driveway with landscaped areas and a ramp leading to the main entrance. There are parking spaces to the left-hand side of the building and a bin store/refuse area to the right. Sixteen properties contribute to the service charge. There was no inspection.

2. The Applicant purchased their leasehold interest on 06 September 2024.

3. The Applicants hold 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 Issues

4. The Tribunal was asked to determine the following issues:

    a. The payability and reasonableness of service charges demanded since the Applicant's purchase of the property, in particular:

b. The demand dated 26 August 2025 in the sum of £500 for major roof works;

c. The demand dated 2 February 2026 in the sum of £1,000 for remedial works and legal costs which they believe to be related to the Flat 4 works.

d. Any subsequent or anticipated demands relating to external damp-proof membrane, drip-bead and drainage works; and

e. Any contribution sought towards legal and administrative costs arising from the Flat 4 dispute.

The Applicants' case

5. The Applicants contend that substantial defects affecting the building, including defects to the roof and external fabric, had been identified for many years before they purchased Flat 1 but were not properly disclosed during the conveyancing process. There is a survey dated 2017 that they say shows that the need for roof repairs has been known to the Respondent since that time.

6. The Applicants challenge the reasonableness and payability of service charge demands relating to roof repairs and costs arising from a dispute concerning Flat 4, arguing that those costs resulted from failures in management, maintenance and arrears recovery by the Respondent and its managing agents.

7. They further contend that avoidable legal and professional costs have been passed to leaseholders through the service charge and seek determinations that the disputed charges are not payable together with section 20C and paragraph 5A orders preventing recovery of the costs of these proceedings from leaseholders

The Respondent's case

8. The Respondent says that the disputed service charge demands were properly incurred in accordance with the terms of the lease and

reflected the costs of managing, repairing and maintaining the building.

9. The Respondent accepts that there were historic management difficulties, including service charge arrears owed by certain leaseholders and shortcomings in the administration of the building by the managing agents, but denies that these matters render the disputed charges irrecoverable.

10. The Respondent maintains that the extent of the dispute relating to Flat 4 was not fully known at the time of the Applicants' purchase and therefore could not have been disclosed during conveyancing.

11. It further contends that the roof repairs arose from more recent inspections (which were not provided to the Tribunal) and that the associated costs formed part of the Landlord's obligations to maintain and repair the retained parts of the building.

12. The Respondent relies on the lease terms permitting recovery of expenditure incurred in complying with the Landlord's repairing and management obligations and asserts that the service charge demands were properly payable by the leaseholders under the service charge provisions.

13. The Respondent nevertheless agrees that it would not be just for the costs of these proceedings to be recovered from leaseholders and therefore consents to the Applicants' applications for orders under section 20C of the Landlord and Tenant Act 1985 and paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002.

The Law

Service charge s18 LTA 1985

14. LTA 1985 defines service charge in s18.

"18 Meaning 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 estimated costs incurred or to be incurred by or on behalf of the landlord, or a superior landlord, in connection with the matters for which the service charge is payable.

(3) For this purpose –

(a) "costs" includes overheads, and

(b) costs are relevant costs in relation to a service charge whether they are incurred, or to be incurred, in the period for which the service charge is payable or in an earlier or later period."

Reasonableness

15. LTA 1985 s19 deals with reasonableness.

19 Limitation of service charges: reasonableness.

(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.

Limitation of service charges time limit s20B

16. S20B of the LTA 1985 provides

> ***20B.— Limitation of service charges: time limit on making demands.***
>
> *(1) If any of the relevant costs taken into account in determining the amount of any service charge were incurred more than 18 months before a demand for payment of the service charge is served on the tenant, then (subject to subsection (2)), the tenant shall not be liable to pay so much of the service charge as reflects the costs so incurred.*
>
> *(2) Subsection (1) shall not apply if, within the period of 18 months beginning with the date when the relevant costs in question were incurred, the tenant was notified in writing that those costs had been incurred and that he would subsequently be required under the terms of his lease to contribute to them by the payment of a service charge.*

Section 20 "qualifying works"

17. Section 20, of the Act 1985 requires landlords to consult leaseholders before carrying out "qualifying works" (repairs, maintenance, or improvements) where any single leaseholder's share exceeds £250. If a landlord fails to substantially or procedurally comply with the Section 20 rules, the maximum service charge contribution they can legally demand from an individual leaseholder is restricted to £250.

20 Limitation of service charges: consultation requirements

(1) Where this section applies to any qualifying works or qualifying long term agreement, the relevant contributions of tenants are limited in accordance with subsection (6) or (7) (or both) unless the consultation requirements have been either—

> *(a) complied with in relation to the works or agreement, or*
>
> *(b) except in the case of works to which section 20D applies, dispensed with in relation to the works or agreement by (or on appeal from) the appropriate tribunal.*

(2) In this section "relevant contribution", in relation to a tenant and any works or agreement, is the amount which he may be required under the terms of his lease to contribute (by the payment of service charges) to relevant costs incurred on carrying out the works or under the agreement.

(3) This section applies to qualifying works if relevant costs incurred on carrying out the works exceed an appropriate amount.

(4) The Secretary of State appropriate authority may by regulations provide that this section applies to a qualifying long term agreement—

> *(a) if relevant costs incurred under the agreement exceed an appropriate amount, or*
>
> *(b) if relevant costs incurred under the agreement during a period prescribed by the regulations exceed an appropriate amount.*

(5) An appropriate amount is an amount set by regulations made by the Secretary of State appropriate authority; and the

regulations may make provision for either or both of the following to be an appropriate amount—

(a) an amount prescribed by, or determined in accordance with, the regulations, and

(b) an amount which results in the relevant contribution of any one or more tenants being an amount prescribed by, or determined in accordance with, the regulations.

(6)Where an appropriate amount is set by virtue of paragraph (a) of subsection (5), the amount of the relevant costs incurred on carrying out the works or under the agreement which may be taken into account in determining the relevant contributions of tenants is limited to the appropriate amount.

(7) Where an appropriate amount is set by virtue of paragraph (b) of that subsection, the amount of the relevant contribution of the tenant, or each of the tenants, whose relevant contribution would otherwise exceed the amount prescribed by, or determined in accordance with, the regulations is limited to the amount so prescribed or determined.

The relevant contribution

18. The relevant contribution is set by The Service Charges (Consultation Requirements) (England) Regulations 2003

Application of section 20 to qualifying works

6. For the purposes of subsection (3) of section 20 the appropriate amount is an amount which results in the relevant contribution of any tenant being more than £250.

The Lease

19. Under the lease, the Applicants have obligations to contribute a proportion of the costs incurred by the Landlord in managing, maintaining, repairing and insuring the building. The service charge is

calculated and payable in accordance with the provisions of the Second Schedule to the lease.

20. The Tenant's liability is to pay a "Contribution", defined as a fair and proper proportion of the service costs, as determined by the Landlord's surveyor, whose decision is conclusive save for manifest error (clause 1.5).

21. The service charge covers the Landlord's "Expenditure", which includes the reasonable costs incurred in complying with the Landlord's obligations under the lease, management expenses, insurance premiums and such sums as the Landlord considers appropriate to build up a reasonable reserve fund for future maintenance expenditure (clause 1.17).

22. The Landlord's repairing obligations extend to the Retained Parts, including the common parts, conduits, roofs, foundations, external walls, structural elements and other exterior parts of the building (clauses 1.13 and 5.3.1).

23. The Landlord covenants to provide various services, including:

    a. maintaining and repairing the retained parts (clause 5.3.1);

    b. carrying out external decoration when necessary (clause 5.3.2);

    c. cleaning and lighting the common parts (clause 5.3.3);

    d. maintaining and renewing communal water apparatus and ancillary equipment (clause 5.3.4);

    e. employing managing agents and paying their fees and expenses (clause 5.3.5);

    f. employing surveyors, builders, architects, engineers, accountants and other professionals as necessary for the maintenance, safety and administration of the building (clause 5.3.6); and

    g. carrying out such other works and acts as the Landlord considers necessary for the proper maintenance, safety, amenity and administration of the building (clause 5.3.8).

24. The lease also requires the Landlord to maintain a reserve fund. Contributions to the reserve fund form part of the service costs. The reserve fund is intended to meet anticipated expenditure on major items, including major roof repairs, foundation repairs and external decoration (clause 5.3.9).

Demand and Payment of Service Charges

25. The lease provides for the payment of service charges by way of interim payments on account followed by an annual reconciliation.

26. The Tenant must pay the service charge contribution upon demand by two equal half-yearly payments in advance and on account on 1 January and 1 July in each year (clause 4.18.1).

27. At the end of the 12-month period (i.e. service charge year), if the bi-annual payments are insufficient to meet expenditure, the Landlord can demand the shortfall (clause 4.18.2.1). The shortfall demand is the only type of ad hoc demand permitted under the lease.

28. The Second Schedule similarly provides that an interim service charge instalment is payable on each day on which rent falls due under the lease (Second Schedule, paragraph 3).

29. The Landlord must maintain detailed service charge accounts and prepare an annual service charge statement for each accounting period ending on 31 December (Second Schedule, paragraph 2). The statement must show:

    a. the service costs incurred;

    b. the final service charge;

    c. the interim service charge instalments paid by the Tenant; and

    d. whether there is a surplus or deficit for the year (Second Schedule, paragraph 2(b)).

30. The Tenant's final liability is fixed at 6.25% of the service costs (Second Schedule, paragraph 1).

31. Where the interim payments made by the Tenant are insufficient to meet the Tenant's share of expenditure, the Tenant must pay the resulting shortfall following demand by the Landlord (clause 4.18.2.1). Equally, where the Tenant has overpaid, the surplus is either credited against future contributions (clause 4.18.2.3) or, under the Second Schedule, paid to the Tenant as a positive balance (Second Schedule, paragraph 4(a)).

32. If the annual service charge statement shows a deficit (described as a "negative balance"), the Tenant must pay that amount within 14 days of service of the statement (Second Schedule, paragraph 4(b)).

33. The Landlord is required to provide the Tenant with a statement of receipts and expenditure for each year as soon as reasonably practicable after 31 December (clause 4.18.3).

Legal Costs

34. The lease contains a separate indemnity provision permitting the Landlord to recover certain legal and professional costs from the Tenant on demand (clause 4.4). Those costs include expenses incurred in relation to applications or requests by the Tenant (clause 4.4.1), breaches of covenant (clause 4.4.2), the preparation and service of notices under sections 146 or 147 of the Law of Property Act 1925 (clause 4.4.3), schedules of dilapidations (clause 4.4.4) and the preparation and completion of deeds or other documents required under the lease (clause 4.4.5).

35. For the purposes of service charges, the lease also permits the recovery through service costs of reasonable professional fees incurred in the maintenance, safety and administration of the building, including the fees of surveyors, architects, engineers, accountants and other professional advisers (clause 5.3.6).

36. The lease does not contain an express provision allowing the Landlord's general litigation costs to be included within the annual service charge merely because litigation has arisen. The primary mechanism for

recovery of legal costs from an individual Tenant is the indemnity covenant contained in clause 4.4.

Disputed Service Charge Items

The Payability and reasonableness of service charges demanded since the Applicant's purchase of the property

37. The Applicants have an obligation to pay a service charge that is properly demanded and reasonably incurred. The Applicants have challenged the payability and reasonableness of all the service charge demands since their purchase of the leasehold interest in Flat 1.

38. The Tribunal only has the following demands:

    - 26/08/25 | Major Roof Repairs due to age and deterioration | £500 ("Major Roof Repairs Demand")
    - 02/02/26 | Remedial Works & Legal Cost | £1,000 ("Remedial Works & Legal Cost Demand")

    Together, the "Ad Hoc Demands"

39. There are no Bi-Annual demands in the bundle, although these do appear to exist; bi-annual demands are listed on the Flat 4 Tenants Arrears document that the Respondent included.

40. There are no end-of-year statements of receipts and expenditure in the bundle.

41. The only budget in the bundle is for the service charge year 2025

42. There are no invoices in the bundle save for:

    a. 05/10/23 | Groves Window Cleaning Ltd | £258.00
    b. 07/10/23 | TMS | £3,000

43. Groves Window Cleaning Ltd invoice was for gutter cleaning.

44. TMS' invoice was for:

    a. Remove loose/ blown render and flaky paint all across basement level and ground floor level of front elevation

b. Repair damaged areas of masonry using Toupret external masonry filler over where necessary sand/ cement scratch coat for deep areas

c. Prep all masonry on basement and ground floor level for painting

d. Paint 2 coats of Sandtex textured magnolia masonry paint to all masonry on basement and ground floor levels to the front elevation.

45. Despite the requirements in Schedule 2, the Respondent and its agent have not provided any detailed accounts or service charge statements.

Findings

46. The service charge mechanism requires bi-annual demands of two equal half payments. The Tribunal is satisfied that the Flat 4 Tenants Arrears document shows specific bi-annual demands were being issued, and therefore it is more likely than not that bi-annual demands were issued to Flat 1 too.

47. The sums demanded in the Major Roof Repairs Demand and the Remedial Works & Legal Cost Demand are not bi-annual demands, nor are they a shortfall demand.

48. The Respondent has not produced any of the financial/accounting documents that it is obliged to have under the lease, e.g. annual statement, service charge accounts, reserve fund information.

49. The Respondent failed to produce any evidence relating to the alleged 'recent' survey.

50. The lease provides for bi-annual interim service charge payments and a subsequent shortfall demand following annual reconciliation, but does not provide for free-standing ad hoc service charge demands of the type made here.

Decision

51. The Respondent has failed to discharge the evidential burden of proving the challenged charges are payable and reasonable.

52. The Ad Hoc Demands are not payable, as the lease provides no basis for ad hoc service charge demands.

The demand dated 26 August 2025 in the sum of £500 for major roof works

53. Although the Tribunal found that the Ad Hoc Demands are not payable, it considered the Major Roof Repairs Demand.

54. The Tribunal relied on the 2017 report as evidence of the roof needing repair in 2017, but not the alleged 'recent' report referred to by the Respondent, as it was not provided. The Tribunal does not have any information on what repairs, if any, were carried out as a result of the 2017 survey or the 'recent' report and its recommendations.

55. The lease does provide for a sum to be included in the expenditure budget for the reserve fund. The reserve fund sum would then form part of the bi-annual service charge demand.

56. The lease requires the reserve fund to fund major work; it defines major repairs to the roof and foundations as reserve fund works (clause 5.3.9). The cost of any reserve fund works must be paid from the reserve fund and only if and to the extent that the fund is insufficient is it to be charged as a service cost.

Findings

57. The Tribunal was unable to determine whether the 2025 roof works addressed newly identified defects from the 'recent' report or longstanding defects identified in the 2017 survey because the 'recent' inspection relied upon by the Respondent was not produced.

58. The lease requirements requiring the reserve fund to fund major work do not extinguish the need to carry out the s20 consultation process.

59. On its face, the demand indicated major roof work (i.e., repairs, maintenance, or improvements) where the single leaseholder's share

exceeded £250. There is no evidence that there was an s.20 consultation process.

60. The Respondent has not produced sufficient evidence to establish whether section 20 consultation was carried out or whether dispensation was obtained. The burden of proving recoverability lies with the Respondent.

Decision

61. Had the Ad Hoc Demands been permitted, the Tribunal was not likely to have been satisfied on the evidence before it that the Major Roof Repairs Demand was s20 compliant.

62. The Tribunal cannot determine from the evidence when the relevant costs were incurred. The Respondent has not produced invoices, accounts, or other evidence establishing the date the costs were incurred. Accordingly, the Tribunal is unable to determine whether section 20B applies.

63. The Respondent has failed to discharge the evidential burden in relation to the demand dated 26 August 2025 in the sum of £500 for major roof works.

<u>The demand dated 2 February 2026 in the sum of £1,000 for remedial works and legal costs which they believe to be related to the Flat 4 works</u>

64. Although the Tribunal has found that the Ad Hoc Demands are not payable, it considered the Remedial Works & Legal Cost demand.

Findings

65. There is no mechanism under the lease to recover litigation costs generally. The lease allows recovery of legal costs (subject to them falling within the terms of the lease), but only where the costs arise from the lessee's actions (clause 4.4). Expenditure (as defined in clause 1.17) is recoverable (clause 4.18.2.1). Expenditure does not include general legal or litigation costs:

"Expenditure" means the reasonable costs incurred by the Lessor in compliance with its obligations under clause 5 hereof and of all other costs and expenses incurred in the management of the Building together with the insurance and other premiums payable by the Lessor under the terms of this Lease together with such monies as the Lessor shall at its sole discretion deem appropriate to build up a reasonable reserve to meet the maintenance expenditure of subsequent years.

66. The £1,000 sum is not broken down into remedial work and legal costs. This leads to several issues:

    a. If the remedial work was >£250, it would also have needed to comply with the s20 consultation process.

    b. There is no evidence that a s20 consultation process was carried out for the Remedial Works.

    c. There is no evidence as to the date when the remedial work costs were incurred.

    d. There is no evidence when the legal costs were incurred, or that they fall within the lease provisions.

    e. There is no evidence that the legal costs are properly recoverable through the service charge machinery.

67. The Tribunal has not been provided with sufficient evidence to establish that the legal costs fall within the definition of Expenditure or are otherwise recoverable under the lease. The Respondent has not identified the nature of the legal costs, how they were incurred, or the lease provision relied upon.

Decision

68. Had the Ad Hoc Demands been permitted, the Tribunal was not likely to have been satisfied on the evidence before it that the Remedial Works & Legal Cost Demand was s20 compliant.

69. The Tribunal cannot determine from the evidence when the relevant costs were incurred. The Respondent has not produced invoices, accounts, or other evidence establishing the date the costs were incurred. Accordingly, the Tribunal is unable to determine whether section 20B applies.

70. The Respondent has failed to discharge the evidential burden in relation to the demand dated 2 February 2026.

Any subsequent or anticipated demands relating to external damp-proof membrane, drip-bead and drainage works

71. There is no demand, budget and/or accounts that the Tribunal can consider.

72. The Tribunal cannot make a determination on this issue.

73. In the event of a demand, the Applicants can, if they choose, challenge the demand.

Any contribution sought towards legal and administrative costs arising from the Flat 4 dispute

74. The Tribunal has determined that any legal costs demanded from the Applicants must comply with the lease.

75. The lease sets the permitted legal costs out in clause 4.4 (emphasis added):

> 4.4.1 – related to any application/request in connection with the Premises, or the Lease **by the Lessee**, i.e. the Applicants.
>
> 4.4.2 – breach of non-compliance **by the Lessee**.
>
> 4.4.3 – any step taken in contemplation of section 146 or 147.
>
> 4.4.4 - any step taken in connection with the preparation/service of a schedule of dilapidations.
>
> 4.4.5 - The negotiation, preparation, or completion of any deed or document required under the lease.

76. There is no demand, budget and/or accounts that the Tribunal can consider.

77. The Tribunal cannot make a determination on this issue.

78. In the event of a demand, the Applicants can, if they choose, challenge the demand. The Tribunal notes that the lease does not appear to permit the Lessor to recover legal costs it incurred in litigation against one leaseholder from the other leaseholders, but it has not determined the issue.

Applications under s.20C, Paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002 and refund of fees

The law

79. Section 20C of the Landlord and Tenant Act 1985 reads as follows:

> ***20C - Limitation of service charges: costs of proceedings.***
>
> *(1) A tenant may make an application for an order that all or any of the costs incurred, or to be incurred, by the landlord in connection with proceedings before a court [residential property tribunal] or leasehold valuation tribunal [or the First-tier Tribunal], or the [Upper Tribunal], or in connection with arbitration proceedings, are not to be regarded as relevant costs to be taken into account in determining the amount of any service charge payable by the tenant or any other person or persons specified in the application.*
>
> *(3) The court or tribunal to which the application is made may make such order on the application as it considers just and equitable in the circumstances.*

80. Paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002 reads as follows:

Limitation of administration charges: costs of proceedings

5A (1) A tenant of a dwelling in England may apply to the relevant court or tribunal for an order reducing or extinguishing the tenant's liability to pay a particular administration charge in respect of litigation costs.

(2) The relevant court or tribunal may make whatever order on the application it considers to be just and equitable.

(3) In this paragraph—

(a) "litigation costs" means costs incurred, or to be incurred, by the landlord in connection with proceedings of a kind mentioned in the table, and

(b) "the relevant court or tribunal" means the court or tribunal mentioned in the table in relation to those proceedings.

81. The Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013, rule 13(2) reads as follows:

(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.

Application

82. The Applicant applied for orders under s20C AND para 5A. The Applicant's statement of case did not contain any submissions on the reimbursement of fees. The Directions dated 20 August 2026 did include a requirement to include written submissions on the reimbursement of fees in the statement of case (para 30 of the Directions dated 20 August 2026).

83. In the Applicant's statement of case, the Applicant applied for an order under section 20C of the 1985 Act.

84. The Respondent, in their statement of case, agreed with the Applicant's application under s20C and para 5A

Decision

85. Having read the submissions from the parties and taking into account the determinations above, 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 Schedule 11, paragraph 5A of the 2002 Act, so that the Respondent may not pass any of its costs incurred in connection with the proceedings before the Tribunal through the service charge.

86. As there were no submissions from the Applicant on the issue of reimbursement, the Tribunal will not make an order under rule 13(2)

Name: Tribunal Judge Bowden **Date:** 16 November 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.

1. A written application for permission must be made to the First-tier Tribunal at the Regional office which has been dealing with the case by email at rpsouthern@justice.gov.uk.
2. The application for permission to appeal must arrive at the Regional office within 28 days after the date this decision is sent to the parties.
3. If the application is not made within the 28-day time limit, such an 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.
4. The application for permission to appeal must state the grounds of appeal and state the result the party making the application is seeking. All applications for permission to appeal will be considered on the papers. Any application to stay the effect of the decision must be made at the same time as the application for permission to appeal.

Annex 1 – The Lease

Lease Particulars

PREMISES	Flat 1, Hunters Lodge, Nutfield Road, Redhill, Surrey RH1 4ED including the parking space
SERVICE CHARGE	Calculated and payable by the Lessee in accordance with the provisions contained in the Second Schedule hereto
PRESCRIBED RATE	4% per annum above the base rate of National Westminster Bank plc or some other clearing bank nominated from time to time by the Landlord or in the event of such base rate being abolished such other comparable rate of interest as the Landlord may from time to time determine

1. **Definitions**

1.3 "Common Parts" means all passages landings staircases forecourts gardens gates courtyards and access yards (if any) and other areas included in the title above referred to provided by the Lessor for the common use of residents and/or occupiers in the Building and their visitors and not subject to any lease or tenancy to which the Lessor is entitled to the reversion

1.5 "Contribution" means a fair and proper proportion of the service costs to be determined by the Lessors surveyor whose decision shall be conclusive save for any manifest error

1.13 "Retained Parts" means all parts of the Building (excluding the Premises) including but limited to:

1.13.1 The Common Parts

1.13.2 All Conduits in, upon over or under or serving the Building

1.13.3 The main structure of the Building and, in particular, but not by way of limitation, the roofs, foundations, external walls, internal load bearing walls and the structural slabs of the roofs, ceilings· and floors, all party structures, boundary walls, railings and fences and all exterior parts of the Building and all service roads and pavements within the curtilage of the Building

1.17 "Expenditure" means the reasonable costs incurred by the Lessor in compliance with its obligations under clause 5 hereof and of all other costs and expenses incurred in the management of the Building together with the insurance and other premiums payable by the Lessor under the terms of this Lease together with such monies as the Lessor shall at its sole discretion deem appropriate to build up a reasonable reserve to meet the maintenance expenditure of subsequent years.

4. LESSEES COVENANTS

4.4 Costs of the Lessor

To pay or reimburse the Lessor on demand and at all times keep the Lessor indemnified (on a Solicitor and own client basis to the exclusion of any other basis of calculation in the case of legal fees) against and in respect of all reasonable fees charges costs and

expenses (and any value added tax thereon in so far as the Lessor is not entitled to claim repayment or credit in respect of such tax) incurred or suffered by the Lessor arising out of or in connection with or incidental to:

4.4.1 any application or request or proposed application or request by the Lessee in connection with the Premises or any of the provisions of this Lease and whether or not the same shall be proceeded with by the Lessee or shall be granted or properly refused or properly granted subject to conditions

4.4.2 any breach non-observance or non-performance of any of the covenants on the part of the Lessee contained in this Lease.

4.4.3 any steps taken· in contemplation of or. in connection with the preparation and service of a notice under Section 146 or 147 of the Law of Property Act 1925 (as amended) requiring the Lessee to remedy a breach of any of the covenants herein contained notwithstanding that forfeiture for such breach shall be avoided· otherwise than by relief granted by the Court.

4.4.4 any steps taken in contemplation of and in connection with the preparation and service of a schedule of dilapidations during or after the expiry or sooner determination of the Tenn in respect of dilapidations accrued during the Term.

4.4.5 the negotiation preparation and completion of any deed or document required under the provisions of this Lease

4.18 Service Charge

4.18.1 To pay to the Lessor upon demand the Contribution by two equal half yearly payments in advance and on account on the 1st days of January and July in each year the first of such payments being a proportion of the Contribution calculated from the date hereof until the day next fixed for payment to be paid on the execution hereof

4.18.2 If for any period of twelve months ending on the Thirty-first day of
December the Contribution shall have proved to be

4.18.2.1 insufficient to meet the Lessee's share of the Expenditure the Lessee shall forthwith upon the Lessor making demand at any time after the end of such period of twelve months or at any subsequent time pay the shortfall in respect of that period or

4.18.2.3 too great then the surplus so paid shall be carried forward by the Lessor and credited to the account of the Lessee in computing the Contribution in succeeding accounting periods as aforesaid

4.18.3 The Lessor· shall as soon after 31st December in each year as reasonably practicable send the Lessee a statement of receipts and expenditure for the year in question

4.18.4 In the event of any dispute under this Clause as to the amount of the Contribution or shortfall payable at any time the certificate of the Accountants for the time being of the

Lessor (acting as auditors and not as arbitrators) shall (except in the case of manifest error) be conclusive evidence of the amount of the Expenditure and of the correctness of the demands for the Contribution and for the shortfall

5 LESSORS COVENENTS

THE LESSOR HEREBY COVENANTS with the Lessee with the intent to bind itself and its successors in title the persons for the time being entitled to the reversion of the Premises immediately expectant hereto but not to bind itself after it shall have parted with such reversion or to incur further liability thereafter	
5.3	Services To perform the following services namely and in so far as the Lessee is concerned so long as the contribution is received in full by the Lessor :
5.3.1	Maintenance To maintain and keep in good and substantial repair and condition the Retained Parts
5.3.2	Decoration As and when the Lessor shall deem necessary to paint the whole of the outside wood iron and other work of the Building heretofore or usually painted and grain and varnish such external parts as have been heretofore or are usually grained and varnished
5.3.3	Maintenance of Common Parts To keep clean and where appropriate lighted the Common Parts and to keep clean the windows in the Common Parts
5.3.4	Renewal To maintain and renew when required any existing cold water apparatus in the Building and all ancillary equipment thereto other than ~that contained in and solely serving the Premises
5.3.5	Managing Agents To employ at the Lessor's discretion a firm of Managing Agents to manage the Building and discharge all proper fees salaries charges and expenses payable to such agents or such other person who may be managing the Building including the cost of computing and collecting the rents and the Contributions in respect of the Building or any parts thereof
5.3.6	Surveyors, Tradesmen and other professional persons To employ all such surveyors builders architects engineers tradesmen accountants or other professional persons as may be necessary or desirable for the proper maintenance safety and administration of the Building
5.3.7	Aerials To maintain (if and when installed by the Lessor at its discretion) a rented communal television aerial or aerials and associated and ancillary equipment serving the Building and to pay all expenses in connection with the installation and maintenance thereof
5.3.8	General Management Without prejudice to the foregoing to do or cause to be done all such works installations acts matters and things as the Lessor may

	consider necessary or advisable for the proper maintenance safety amenity and administration of the Building
5.3.9	Reserve Fund 1. The Lessor shall maintain a reserve fund to accumulate in advance the expected cost of the following items of work to be the Building ('reserve fund works') (d) major repairs to the roof and foundations (e) exterior decoration
	2. The Lessor shall hold the reserve fund in trust for the time being liable to pay the cost of reserve fund works
	3. The Lessor shall estimate the contribution needed by the reserve fund each year and that sum is a service cost when calculating the service charge
	4. In any year in which the whole estimated contribution to the reserve fund is not received because part of the Building is not let on terms that the tenant contribute, the Landlord must pay the balance into the reserve fund
	5. The cost of any reserve fund works must be paid from the reserve fund, and only if and to the extent that the fund is insufficient is it to be charged as a service cost
	6. The reserve fund is to be deposited at interest, and all interest earned added to the fund
	7. Every service charge statement is to include a statement of the balance of the reserve fund and of the income and expenditure since the previous statement
	To set aside (which setting aside shall for the purposes hereof be deemed an item of expenditure incurred by the Lessor) such sums of money as the Lessor shall reasonably require to meet such future costs as the Lessor shall reasonably expect to incur of replacing maintaining and renewing those items which the Lessor have hereby covenanted to replace maintain or renew
5.4	At the request of the Lessee and subject to payment by the Lessee of (and provision beforehand of security for) the costs of the Lessor on a complete indemnity basis to enforce any covenants entered into with the Lessor by any other owner similar in nature to those contained in this Lease but PROVIDED NEVERTHELESS that the Lessor in so doing shall not be obliged to enter into litigation of a frivolous or vexatious nature.

THE SECOND SCHEDULE
Service Charge

1 Service costs' means the amount the Lessor spends in carrying out all the obligations imposed by this lease (other than the covenant for quiet enjoyment) and not reimbursed in any other way including the cost of borrowing money for that purpose
'final service charge' means 6.25 per cent of the service costs

2 The Lessor must
(a) keep a detailed account of service costs
(b) have a service charge statement prepared for each period ending on 31st December during the lease period, which:

(i) states the service costs for that period with sufficient particulars to show the amount spent on each major category of expenditure
(ii) states the amount of the final service charge
(iii) states the total of the interim service charge instalments paid by the Lessee
(iv) states the amount by which the final service charge exceeds the total of the interim service charge instalments ('negative balance'), or vice versa ('positive balance')
(v) is certified by a member of the Institute of Chartered Accountants in England and Wales that it is a fair summary of the service costs, set out so that it shows how they are or will be reflected in the final service charge, and is sufficiently supported by accounts, receipts and other documents which have been produced to him

3 On each day on which rent is due under this lease the Lessee is to pay the Lessor an interim service charge instalment

4 (a) If a service charge statement shows a positive balance, the Lessor must pay that sum to the Lessee when giving the statement
(b) If a service charge statement shows a negative balance, the Lessee must pay that sum to the Lessor within fourteen days after being given the statement Every service charge statement is conclusive as to the information in

5 Every service charge statement is conclusive as to the information in it