FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Case reference	**:**	**LON/00AS/LSC/2025/0995**
Property	**:**	**112-114 Hallowell Road, Northwood, Middlesex HA6 1DU**
Applicants	**:**	**Mr Sandy Gill (Flat A)** **Mr Julian Collins (Flat B)** **Mr Krishna Chohan (Flat C)** **Dr Mehri Daryouzeh (Flat D)**
Representative	**:**	**Mr Sandy Gill**
Respondent	**:**	**GJB Estates Limited**
Representative	**:**	**Ms Charlotte Cameron (Aldermartin, Baines & Cuthbert)**
Type of application	**:**	**For the determination of the liability to pay service charges under section 27A Landlord and Tenant Act 1985**
Tribunal	**:**	**Judge J P Donegan** **Mr P Joseph MRICS**
Date of Decision	**:**	**19 November 2026**

DECISION

Decisions of the Tribunal

The estimated 2024/25 management fee of £2,772 is payable by the applicants, via the advance service charges for their flats.

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Background

(1) These proceedings concern service charges for 112-114 Hallowell Road, Northwood, Middlesex HA6 1DU ('the Property'), which is a 1940s converted building comprising six flats. Originally there were two commercial units on the ground floor with four flats on the upper floors (Flats A-D). The commercial units were converted to flats (Flats 1 and 2) in or about 2020.

(2) The applicants are the long leaseholders of Flats A-D. The respondent is the freeholder of the Property, which is managed by Aldermartin, Baines & Cuthbert ('ABC').

(3) The applicants seek a determination pursuant to s.27A of the Landlord and Tenant Act 1985 ('the 1985 Act') as to the amount of advance service charges payable by them for the years 2022/23, 2023/24 and 2024/25.

(4) The applicants also seek an order for the limitation of the respondent's costs in the proceedings under section 20C of the 1985 Act and an order to reduce or extinguish their liability to pay any administration charges in respect of litigation costs, under paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002.

(5) The Tribunal application is dated 01 July 2025. Directions were issued on 18 December 2025 and amended on 09 March 2026. Paragraph 4 of amended directions required the applicants to serve a schedule of disputed service charges ('the Scott Schedule') by 13 February 2026. Paragraph 5 required to the respondent to return the Scott Schedule, having completed the landlord's comments' column, by 18 March 2026.

The final hearing

(12) The hearing took place at 10 Alfred Place, London WC1E 7LR on 13 November 2026. All four applicants attended. Mr Gill primarily acted as their advocate but was assisted by the others. Ms Charlotte Cameron of ABC appeared for the respondent and was accompanied by Mr Gordon Brodie, who is a director of the respondent company.

(13) The applicant produced a hearing bundle, in accordance with the amended directions. This included copies of the Tribunal application, amended directions, completed Scott Schedule, respondent's statement of case, a witness statement from Ms Cameron, the leases, various service charge accounts and budgets and other relevant correspondence and documents. Some of the service charge budgets had been cropped and Ms Cameron supplied complete copies, via email, on 12 November.

(14) Ms Cameron also supplied a skeleton argument, and the applicants supplied a reply to that document.

The issues

22. The completed Scott Schedule identified the following disputed items:

- Roof repairs and damp/mould works (2022/23) £18,000
- General repairs and maintenance (2022/23) £2,000
- Cleaning (2022/23, 2023/24 and 2024/25) £600pa
- Gardening (2022/23, 2023/24 and 2024/25) £600pa
- Management fees (2022/23, 2023/24 and 2024/25) £2,772pa
- Accountancy/audit fees (2022/23, 2023/24 and 2024/25) £780pa

23. Each of these items was taken from the annual budgets and represent estimates of anticipated, rather than actual, expenditure. However, the estimated management and accountancy/audit fees for 2022/23 are slightly overstated with the correct figure being:

- Management fee (2022/23) £2,520
- Accountancy/audit fee (2022/23) £720

24. With the Tribunal's encouragement, the parties agreed all but one of items during the course of the hearing. The respondent agreed to remove the roof repairs and damp/mould works item from the 2022/23 budget and the applicants agreed the general repairs and maintenance items in the 2022/23 budget, the cleaning and gardening charges and accountancy/audit fees in all three budgets and the management fees in the 2022/23 and 2023/24 budgets. The only item not agreed, which requires determination by the Tribunal, is the management fee of £2,772 in the 2024/25 budget.

The leases

25. It is convenient here to set out the relevant lease terms, taken from the lease of Flat C. The Lessee's covenants are set out in the fifth schedule and include:

"1(a) To pay to the Lessor a service charge (as hereinafter defined and herein referred to as "the service charge") in two equal instalments on the 24th day of June and the 25th day of December in each year (the first payment being a proportion calculated from the date hereof to whichever of such dates shall next ensue) free of deductions in advance and on account of such service charge as aforesaid subject as mentioned in paragraph (b) below

(b) The service charge shall be such sum required by the Lessor or its agents to be paid by the Lessee and notified to the Lessee as shall be equivalent to Sixteen Percent (16%) of the estimated expense to the Lessor of providing the services and amenities referred to in the Sixth and Seventh Schedules for the benefit of the lessees of the estate or otherwise in discharge of the covenants on the part of Lessor hereinafter contained for the Lessor's current financial year (being the period of 12 months ending in each year or such other period as the Lessor shall adopt for the purpose of its accounts for the estate) Provided That in respect of any expenditure relating to the common parts of the building the Lessee shall be liable to pay Twenty-Five Percent (25%) of such expenditure As soon as possible following the end of each financial year the Lessor shall provide the Lessee with a fair and detailed summary of such expenses certified by its accountants or managing agents and any necessary or subsequent adjustment certified as due from or to the Lessee by such accountants or manging agents (whose certificates shall be binding upon the Lessee save in the case of a manifest error) shall be paid by the Lessee or credited to the Lessee save as appropriate on the payment day next following the issue of such certificate".

26. The seventh schedule lists the various service charge expenses, including:

> "*8. The fees and expenses payable to any solicitor accountant surveyor valuer architect workman contractor or managing agent whom the Lessor may from time to time appoint or employ in connection with the management repair and maintenance or the estate including (but without prejudice to the generality of the foregoing) the cost of causing to be prepared the summary of expenses referred to in paragraph 1 of the Fifth Schedule the collection of service charges and any other payments hereunder the general management or maintenance of the estate the carrying out execution nor supervision of any services hereunder and the preparation of any necessary accounts*".

Submissions on 2024/25 estimated management fee

27. In the Scott Schedule, the applicants complain that ABC did not provide any services, nor respond to leaseholders' emails. They contend there is no justification for the annual fee of £2,772, given there are only six flats with a small communal area and some services had been halted.

28. In its response, in the schedule, the respondent points out that management services had been provided. Some services (cleaning and gardening) were paused in March 2024 due to cashflow issues, caused by non-payment of service charges. However, the Property continued to be managed by ABC and service charge expenditure continued, funded in large part by the respondent.

29. During the hearing, we explained that managing agents typically charge an annual fixed fee based on the number of units, which does not fluctuate according to the work involved. In our experience an annual fee between £300 and 400 plus VAT, per flat is common for this type of block. In this case, ABC's charge equates to £385 plus VAT, per flat.

30. During the hearing Mr Gill raised two additional points:

    (a) There was no cleaning or gardening throughout the 2024/25 financial year, despite the annual accounts showing "*Cash at bank*" of £4,726 at the year end.

    (b) Mr Chohan paid £873.97 for common-ways electricity in October 2024, due to ABC's failure to pay this charge.

    He also referred to emails to ABC, included in the hearing bundle that had gone unanswered.

31. In reply, Ms Cameron explained that ABC had been "*doing background work*" in 2024/25 that might not be visible to leaseholders. It had arranged insurance, collected arrears and dealt with solicitors. The cleaning and gardening had been suspended in March 2024 due to arrears, but it had planned to reinstate these services once cashflow improved. They were reinstated in late 2025.

32. Ms Cameron said she was unaware that Mr Chohan had paid for common-ways electricity and queried how this had arisen. She also pointed out the 2024/25 accounts included electricity costs of £368.

33. Having considered the explanations from the Tribunal and Ms Cameron, the applicants proposed an annual management fee of £1,386, being half the sum claimed. They consider this reasonable for the work done. Ms Cameron submitted that the full £2,772 fee is payable.

The Tribunal's decision

34. The estimated 2024/25 management fee of £2,772 is payable by the applicants.

Reasons for the Tribunal's decision

35. The applicants dispute this fee on grounds of reasonableness. In brief, they contend that £2,772 is excessive for the services provided by ABC.

36. The estimated management fee forms part of the 2024/25 advance service charge. Section 19(2) of the 1985 Act provides, "*Where a service charge is payable before the relevant costs are incurred, no greater amount than is reasonable is so payable…".* When determining reasonableness, it is necessary to assess the estimated fee by reference to the information available when the 2024/25 budget was prepared. This would have been shortly before the start of the financial year on 24 June 2024. At that stage, the cleaning and gardening had been suspended but we accept that ABC were planning to reinstate these services once cashflow allowed.

37. The 2024/25 service charge budget includes estimated sums for cleaning and gardening, which the applicants have agreed. It also includes estimated sums for insurance, general repairs and maintenance, management, an out of hours service, professional fees and electricity. This demonstrates that ABC were planning on providing all these services at the start of the financial year. As it transpires, they did not provide any cleaning or gardening and their actual management fee, as shown in the end of year accounts, was £2,412. This is slightly lower than the estimated charge.

38. Based on our knowledge and experience, gained from deciding previous Tribunal cases and our professional backgrounds, managing agents typically charge a fixed annual fee based on the number of units. A fee between £300 and £400 plus VAT, per flat is common for a small block in outer London. There is an element of 'taking the rough with the smooth'. In some years, agents will do a lot of work for their fixed fee and in others they will do less.

39. ABC's estimated fee falls within the £300 to £400 plus VAT range and it was reasonable to include this sum in the 2024/25 budget. At the time the budget was prepared, they were expecting to provide full management services. As it transpires, they did not arrange any cleaning and gardening. However, this is only relevant to the reasonableness of their end of year charge. The same is true of their failure to respond to emails. Further, the fact that Mr Chohan paid an electricity bill in October 2024 does not affect the reasonableness of the estimated fee.

We should add there was no witness statement from Mr Chohan, explaining why he paid this bill nor evidence the bill related to the common-ways at the Property. The inclusion of electricity costs of £368 in the 2024/25 accounts suggests ABC paid some bills that year.

40. Taking all these factors into account, we are satisfied the estimated management fee of £2,772 is reasonable and payable.

Next steps

41. This decision deals with the advance service charges for 2022/23, 2023/24 and 2024/25. The parties must now work out the adjusted credit or debit balances for the applicants' flats, taking account of the decision and the items agreed at the hearing. Hopefully, these figures can be agreed.

42. The Tribunal has not been asked to determine actual service charge expenditure for the three years in question. It is open to the applicants to pursue a separate s.27A application for this expenditure. However, they may wish to seek independent legal advice on this (and other matters raised at the hearing) before embarking on further litigation.

43. There were no submissions on the section 20C or paragraph 5A costs applications. We do not know if the respondent seeks to recover any of its costs (legal or otherwise). It was not legally represented at the hearing, but we note counsel (Mr James Castle) prepared its statement of case. The respondent must write to the Tribunal and the applicants by **5:00pm on 10 December 2026** stating whether it seeks to recover any costs of these proceedings from (a) the service charge account for the Property or (b) the applicants, as administration charges. If so, directions will be given for a paper determination of the costs applications. If not, there is no need to decide these applications.

Name: Judge J P Donegan **Date:** 19 November 2026

RIGHTS OF APPEAL

1. 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.

2. 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.

3. 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.

4. 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.

Appendix of relevant legislation

Landlord and Tenant Act 1985 (as amended)

Section 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.

Section 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 provisions 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.

Section 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 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.

(2) The application shall be made—
  (a) in the case of court proceedings, to the court before which the proceedings are taking place or, if the application is made after the proceedings are concluded, to a county court;
  (aa) in the case of proceedings before a residential property tribunal, to that tribunal;
  (b) in the case of proceedings before a residential property tribunal, to the tribunal before which the proceedings are taking place or, if the application is made after the proceedings are concluded, to any residential property tribunal;
  (c) in the case of proceedings before the Upper Tribunal, to the tribunal;
  (d) in the case of arbitration proceedings, to the arbitral tribunal or, if the application is made after the proceedings are concluded, to a county court.

(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.

Section 27A Liability to pay service charges: jurisdiction

(1) An application may be made to the appropriate tribunal for a determination whether a service charge is payable and, if it is, as to -
  (a) the person by whom it is payable,
  (b) the person to whom it is payable,
  (c) the amount which is payable,
  (d) the date at or by which it is payable, and
  (e) the manner in which it is payable.

(2) Subsection (1) applies whether or not any payment has been made.

(3) An application may also be made to the appropriate tribunal for a determination whether, if costs were incurred for services, repairs, maintenance, improvements, insurance or management of any specified description, a service charge would be payable for the costs and, if it would, as to -
  (a) the person by whom it would be payable,
  (b) the person to whom it would be payable,
  (c) the amount which would be payable,
  (d) the date at or by which it would be payable, and
  (e) the manner in which it would be payable.

(4) No application under subsection (1) or (3) may be made in respect of a matter which -
  (a) has been agreed or admitted by the tenant,
  (b) has been, or is to be, referred to arbitration pursuant to a post-dispute arbitration agreement to which the tenant is a party,
  (c) has been the subject of determination by a court, or

(d) has been the subject of determination by an arbitral tribunal pursuant to a post-dispute arbitration agreement.

(5) But the tenant is not to be taken to have agreed or admitted any matter by reason only of having made any payment.

Commonhold and Leasehold Reform Act 2002

Schedule 11

Part 1

Reasonableness of Administration Charges

Meaning of "administration charges"

1(1) In this Part of this Schedule "administration charge" means an amount payable by a tenant of a dwelling as part of or in addition to the rent which is payable, directly or indirectly—

(a) for or in connection with the grant of approvals under his lease, or applications for such approvals,

(b) for or in connection with the provision of information or documents by or on behalf of the landlord or a person who is party to his lease otherwise than as landlord or tenant,

(c) in respect of a failure by the tenant to make a payment by the due date to the landlord or a person who is party to his lease otherwise than as landlord or tenant, or

(d) in connection with a breach (or alleged breach) of a covenant or condition in his lease.

(2) But an amount payable by the tenant of a dwelling the rent of which is registered under Part 4 of the Rent Act 1977 (c. 42) is not an administration charge, unless the amount registered is entered as a variable amount in pursuance of section 71(4) of that Act.

(3) In this Part of this Schedule "variable administration charge" means an administration charge payable by a tenant which is neither—

(a) specified in his lease, nor

(b) calculated in accordance with a formula specified in his lease.

(4) An order amending sub-paragraph (1) may be made by the appropriate national authority.

Reasonableness of administration charges

2 A variable administration charge is payable only to the extent that the amount of the charge is reasonable.

...

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.

Proceedings to which costs relate	***"The relevant court or tribunal"***
Court proceedings	The court before which the proceedings are taking place or, if the application is made after the proceedings are concluded, the county court
First-tier Tribunal proceedings	The First-tier Tribunal
Upper Tribunal proceedings	The Upper Tribunal
Arbitration proceedings	The arbitral tribunal or, if the application is made after the proceedings are concluded, the county court.