FIRST - TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Case Reference	:	HAV/43UG/LSC/2026/0121
Property	:	25 Limebush Close, New Haw, Addlestone, Surrey, KT15 3LW
Applicant	:	Limebush Close Limited
Representative	:	
Respondent	:	George Mokonchu
Representative	:	
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 the Respondent must pay £1,140 in respect of the service charges for the year 2026.

(2) The Tribunal determines that the Respondent will reimburse the Applicant the Tribunal fee of £110 within 28 days of this Decision.

Background

1. In the directions dated 13 August 2026, the Tribunal determined that this matter was suitable for paper determination. The directions provided that unless a party objected in writing within 28 days, the matter would proceed to paper determination. No party objected in writing.

2. Applicant seeks a determination pursuant to s.27A of the Landlord and Tenant Act 1985 ("the 1985 Act") as to the amount of service charges and (where applicable) administration charges payable by the Respondent in respect of the service charge year 2026. The application is dated 18 March 2026.

3. The Applicant management company filed a 78-page hearing bundle. Limebush Close Limited (the Company) is the Resident Management Company responsible for the collection of service charges and management of the Estate at Limebush Close, New Haw, Addlestone, of which the Respondent's property forms part.

4. The respondent, who lives in the United States of America, has not submitted any formal response to the application.

5. The property is 25 Limebush Close, New Haw, Addlestone, Surrey, KT15 3LW, which comprises a ground-floor purpose-built flat in a block of 10.

6. By a lease dated 11 May 1984, the flat was demised for a term of 999 years from 29 September 1983. The lease was in tripartite form, with the applicant lessee-owned management company responsible for providing services and collecting service charges. The lease is vested in the respondent. The freehold is vested in Lamda GR Limited, although it is not a party to the application.

7. Clause 3 of the lease includes a simple form of service charge provision, which does not make express provision for interim or balancing services:

> *"3(ii) To pay to the Company on demand such sums as it shall from time to time require from the Tenant in respect of service charges whereby the Company will recover and provide for all expenditure incurred or to be incurred by it in performing its obligations hereunder (including reserves for future, periodic or exceptional expenditure and including all management fees and other fees and expenses reasonably incurred by the Company) as to which the Tenant shall be liable for one ~~eighth~~ / tenth of expenditure relating to the block or the garden and one-twenty sixth of expenditure relating to the common parts or the services save however in respect of the parts of the common parts or the services which serve less than the whole Estate in which case the Tenants contribution shall be in proportion to the number of flats which are actually served or intended to be served by such part of the common parts or the services"*

8. Clause 4(ix) provides that the Company shall

> *"hav[e] regard to the contributions for which the Tenant will be liable in terms of the aforegoing but making due allowance for any surplus or deficit of previous payments by the Tenant in relation to expenditure actually incurred or reserved [and] fix*

the quarterly instalments of service charge estimated as likely to be required from each Tenant during each calendar year

9. The 2026 budget sets annual expenditure for the Estate at £ 29,640.00 for the year ending 31 December 2026.

10. On 01 December 2025, the Applicant sent a circular informing all leaseholders that the service charge was increasing.

11. On 01 January 2026, the Applicant sent out the annual service charge demands, including to the Respondent. The due date was 31 January 2026.

12. On 03 March 2026, the Applicant sent a letter before action to the Respondent for the unpaid 2026 service charge.

13. On 18 March 2026, the Applicant sent the Respondent a letter enclosing a copy of the application for a determination of the 2026 service charge year.

14. On 13 August 2026, the Tribunal sent out the initial directions.

15. On 14 August 2026, the Applicant reissued the service charge demand, notifying the Respondent that the Applicant would not proceed further with this application if payment was received within 14 days.

16. In 2025, the Applicant had made a service charge application to the Tribunal relating to the 2025 service charge year; the decision is set out in HAV/43UG/LSC/2025/0622.

17. As a result of the HAV/43UG/LSC/2025/0622 determination, the Applicant obtained a County Court Judgment against the Respondent; this was in the County Court at Staines under claim number 959SM089

18. As recorded in HAV/43UG/LSC/2025/0622:

5. The block is self-managed by the applicant. For many years, it has set an annual service charge at periodic intervals and collected contributions in equal monthly instalments in advance

by direct debit/standing order. It does not appear to adjust any sums payable by the tenant at year-end. This practice, which is not uncommon in small self-managed blocks of flats, may not comply with s.19(2) Landlord and Tenant Act 1985 and the RICS Service Charge Residential Management Code. Moreover, although the applicant is plainly aware of its obligation to provide annual accounts, it simply prepares corporate Financial Statements detailing income and expenditure rather than service charge accounts in the form set out in Tech 03/11. But the applicant's approach is consistent with the contractual scheme in clause 3(ii) of the lease, and these considerations are not therefore relevant to the Tribunal's determination below.

19. This Tribunal adopts the reasoning and findings in paragraph 5 of HAV/43UG/LSC/2025/0622 regarding the lease mechanism for the recovery of budgeted service charges in advance

The Applicant's case

20. The Applicant says that:

    a. The service charge has increased incrementally over recent years:

        £379.00 (2019)

        £780.00 (2024)

        £1,020.00 (2025)

        £1,140.00 (2026)

    b. It says 2026 is an 11.8% increase over the previous year and that, as envisaged by Clause 4(ix) above, the increases reflect a deliberate, incremental correction of a historic funding shortfall, principally the absence of any sinking fund contribution before 2025.

    c. The 2024 budget did not include a sinking fund contribution; a sinking fund contribution of £5,280.00 was introduced in the 2025 budget.

d. Mr George Mokonchu, is liable to pay the 2026 service charge of £1,140.

e. The charge was properly calculated in accordance with the lease, based on a total estate budget of £29,640 apportioned equally amongst the 26 flats on the estate.

f. All leaseholders were notified of the charge by circular dated 1 December 2025 before an invoice was issued on 1 January 2026.

g. The 2026 service charge demand was served on the Respondent outside the jurisdiction; the Company has served the demand and this application by multiple methods: to the property address, to the Respondent's address in the United States, and to his two known email addresses.

h. No payment has been made towards the 2026 charge despite service of the demand, a letter before action and subsequent correspondence. The arrears remain unpaid.

21. The Applicant relies upon the Tribunal's previous determination in case HAV/43UG/LSC/2025/0622 and the County Court judgment obtained.

22. The Applicant further seeks a determination that contractual interest is payable pursuant to clause 3(iii) of the lease.

23. It applies for an order for costs on the basis that the Respondent's continued non-payment and failure to engage with proceedings amounts to unreasonable conduct. These costs are stated to be £435 plus £110 Tribunal Application fee.

The Law

Service charge s18 LTA 1985

24. 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

25. 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.

Liability to pay service charges s.27A LTA 1985

26. The Tribunal has the power to determine service charges under s.27A of the LTA 1985. The Tribunal's jurisdiction is limited by s.27A(4).

Consideration

Service charge claimed

27. The 2026 budget sets out the anticipated annual expenditure and includes sums budgeted for a sinking fund and a reserve fund.

Expenditure category	Annual amount (£)
Gardening	9,750.00
Window Cleaning	1,690.00
Gutter Inspections	200.00
Safety Reports	1,000.00
Insurance	260.00
Legal Contingency	1,000.00
Reserve Fund contribution	2,964.00
Sinking Fund contribution	8,400.00
Administration	4,800.00
Accountancy & HMRC	425.00
Total annual expenditure	**29,640.00**

Reconciliation to the 2026 service charge per leaseholder:

£29,640.00 ÷ 26 units = £1,140.00 per leaseholder

28. The Applicant does not explain why sums were budgeted for a sinking fund and a reserve fund. A sinking fund is usually for long-term major work, and a reserve fund is more commonly used as a short-term financial buffer against unforeseen expenditure. The Applicant explained that, before the 2025 service charge, the Applicant had not demanded sums for a sinking fund.

29. The Lease does provide for the demanding and collecting of sums for future, periodic or exceptional expenditure; see clause 3(ii) "reserves for future, periodic or exceptional expenditure".

30. The Tribunal considered:

    a. The Tribunal considered each budget line in the 2026 budget.

    b. The total sums under the sinking fund and reserve fund budget lines. The Tribunal treated this as the total sum demanded for reserves and calculated the amount per leaseholder: £437.08.

        £2,964 (Reserve)+ £8,400 (sinking) = £11,364/26 = £437.08 per leaseholder

    c. The Tribunal considered the total budget sum and how much this was per leaseholder: £1,140.00.

        £29,640.00/26 = £1,140.00 per leaseholder

31. The Tribunal considered the decision and findings in HAV/43UG/LSC/2025/0622.

Findings

32. The Tribunal accepts the evidence of the Applicant and is satisfied that the service charge demand was served on the Respondent; the lease does not prescribe a specific service address or method.

33. The Tribunal is satisfied that the lease provides for sums to be demanded that are for reserves for future, periodic or exceptional expenditure. The Lease does not call this either a reserve fund or a sinking fund. The naming and budget lines for the reserves for future, periodic or exceptional expenditure are therefore a matter for the Applicant.

34. The Tribunal is satisfied that, in a development of 26 flats, it is reasonable and prudent for the Applicant to accumulate a fund for future periodic and exceptional expenditure and that the total level of provision sought is not excessive having regard to the overall annual budget and the fact that a sinking fund was only established in 2025.

Determination

35. The Tribunal determines that the service charge demanded is payable under the lease.

36. The Tribunal determines that the amount payable by the Respondent for the 2026 service charge is £1,140.00.

Interest

37. The s.27A application also refers to interest. As per the HAV/43UG/LSC/2025/0622 decision, interest is not a "service charge" within the meaning of s.18 of the 1985 Act.

38. In this application, there is no application to determine an administration charge under Sch.11 to the Commonhold and Leasehold Reform Act 2002 (even if contractual interest can be characterised as an administration charge).

39. As per the HAV/43UG/LSC/2025/0622 decision, the tribunal leaves the issue of interest to the County Court.

Application for costs and refund of fees

The Law

40. The Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013, rule 13(1)(b) and 13(2) read as follows:

> ***3.****—(1) Subject to paragraph (1ZA), the Tribunal may make an order in respect of costs only—*
>
> > *(b) if a person has acted unreasonably in bringing, defending or conducting proceedings*
> >
> > *(c) in a land registration case*
> >
> > *(d) in proceedings under Schedule 3A to the Communications Act 2003 (the Electronic Communications Code) including proceedings that have been transferred from the Upper Tribunal; or*

(e) in proceedings under Part 2 of the Landlord and Tenant Act 1954 (security of tenure for business, professional and other tenants).

(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

41. The Applicant made an application for costs, including fees under rule 13 (1)(b); an application for a refund of the fees also falls under rule 13(2).

42. Rule 13 (1)(b) applies where a person has acted unreasonably in bringing, defending, or conducting proceedings. The burden is on the applicant as the party seeking its costs to establish the unreasonable conduct.

43. In Willow Court Management Ltd v Alexander [2016] UKUT 290 (LC); [2016] L. & T.R. 34, the Upper Tribunal gave guidance on the approach that should be taken; a sequential three-stage approach was prescribed.

    a. Applying an objective standard, has the person acted unreasonably? An unsuccessful outcome was not sufficient on its own. The type of conduct included that which was vexatious and designed to harass the other side rather than advance the resolution of the case;

    b. Should an order for costs be made? This involves a consideration of the nature and seriousness of the conduct. Just because unreasonable conduct had been established does not mean that an order should be made. The Tribunal retained discretion at this stage.

c. What should the terms of the order be? A causal connection between the conduct and the costs is not needed. The Tribunal can order for payment of the whole or part of a party's costs.

44. Rule 13(1)(b) orders will be the exception, and not the rule

45. The Applicant's case on Rule 13(1)(b) costs is that:

a. The Respondent has failed to satisfy the liability of £4,339 previously determined by the Tribunal in application reference HAV/43UG/LSC/2025/0622, save for modest voluntary payments of £22 per month, and that the debt remains substantially outstanding despite the subsequent County Court judgment obtained to enforce it.

b. The Respondent's continuing failure to pay service charges has necessitated a second Tribunal application concerning the same issue of non-payment.

c. The Respondent has demonstrated a persistent disregard of his obligations under the lease for more than seven years, notwithstanding the earlier Tribunal determination, the ensuing County Court judgment, and the commencement of the present proceedings

Consideration

46. Rule 13(1)(b) does not expressly include conduct in other proceedings.

a. The County Court judgment can be enforced under the Civil Procedure Rules; enforcement carries its own cost consequences. This is a matter for the County Court.

b. The Tribunal is the forum for the assessment of payability and reasonableness of the service charges. Obtaining a determination under section 27A is a legitimate use of the Tribunal process, and the Respondent's failure to admit liability or engage does not, on the facts of this case, amount to unreasonable conduct within Rule 13(1)(b).

c. The Respondent's past conduct, and/or the present conduct of non-engagement, is not unreasonable per se. It is not vexatious or frivolous.

47. Applying the Willow Court stage one test: Applying an objective standard, has the person acted unreasonably? The Tribunal is not satisfied that the Respondent's failure to engage in other proceedings is unreasonable. Nor is the Respondent's failure to pay the service charge 'unreasonable' conduct within the meaning of rule 13(1)(b), as the Respondent has not brought, defended or conducted these proceedings.

48. Under rule 13(2), the discretion is wider. The Tribunal does not have to be satisfied either that wasted costs or the conduct referred to in r.13(1)(b) has been made out. A material consideration will be the relative success of the party applying for the costs order in the substantive proceedings. The Applicant has been successful.

Decision

1. Having failed to satisfy stage one, the application for costs under rule 13(1)(b) is dismissed.

2. In all the circumstances and given the Applicant's complete success in the substantive application, the Tribunal considers it appropriate to order reimbursement of the application fee.

3. The Tribunal orders the Respondent to refund the £110 application fee paid by the Applicant within 28 days of the date of this decision.

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 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.