



**FIRST-TIER TRIBUNAL  
PROPERTY CHAMBER  
(RESIDENTIAL PROPERTY)**

**Case Reference** : LON/00AY/LAM/2014/004

**Property** : PALACE COURT PALACE ROAD  
LONDON SW2 3ED

**Applicant** : CLAIRE BROWN (Flat 1)  
HENRY FORD (Flat 5)  
AMBREEN HAMEED (Flat 9)  
J BROWN & J BULLOUGH (Flat 11)  
DOUGLAS WARD (Flat 12)  
PETER PRINCE (Flat 16)  
LUC & PENNY CHARLES (Flat 17)

**Representative** : Mr B and Mr M Maunder Taylor

**Respondent** : PALACE COURT MANAGEMENT  
LIMITED

**Representative** : No representative

**Type of Application** : Appointment of a manager

**Tribunal Members** : JUDGE TAMARA RABIN  
MR ANDREW LEWICKI

**Date and venue of PTR** : 14<sup>th</sup> March 2014 at 10 Alfred Place,  
London WC1E 7LR

**Date of Decision** : 14<sup>th</sup> March 2014

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**DECISION**

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## **BACKGROUND**

1. The Applicants made an application seeking an order appointing Mr Michael Maunder Taylor as a manager under section 24 of the Landlord and Tenant Act 1987 (the "Act").
2. A preliminary hearing took place attended by the people named above when the Tribunal granted an interim order until 2<sup>nd</sup> June 2014 allowing Mr B and Mr M Maunder Taylor to commence their duties in view of the urgency of the matter.
3. The preliminary hearing had determined that it would be just and equitable to appoint a manager and that the condition of the Property necessitated the making of an interim order. The Section 22 Notice had been served and required compliance on a date prior to the year end for accounting purposes under the lease. Mr Maunder Taylor said that there had been a resolution of the company altering the accounting date and this meant that there was no breach of Section 23 of the Act. Directions were given to produce the resolution prior to the next hearing.

## **THE HEARING**

4. The full hearing took place on 2<sup>nd</sup> June 2014. Mr B and Mr M Maunder Taylor attended as did the people listed above. Mr Roy and Mrs Nancy Benson also attended and produced a bundle.
5. Mr B Maunder Taylor reported that since the implementation of the interim management order, he had prepared a budget for major works and maintenance and had demanded approximately £300,000 from the long leaseholders and had collected approximately £200,000. Of the balance most people were seeking finance and he was confident that there would be a successful outcome to the applications. There was no dispute from these long leaseholders. There was another £20,000 of which Mr and Mrs Benson owed £15,000 which was being withheld. The remaining £5,000 was being paid in agreed instalments.
6. Mr Maunder Taylor reported that the building works had started today on the roof, fire escape, rendering and general repairs. He was confident these works would address the serious damp issues identified.
7. Mr and Mrs Benson had submitted a lengthy statement in which they challenged the accuracy of Ms Hameed's statement presented to the Tribunal at the preliminary hearing. They had no objection in principle to the appointment of Mr B and Mr M Maunder Taylor as manager but they had some issues with the fees charged and some aspects of the major works. They main objecting in making representations was to

clear what they perceived as a slur on their good name. The Tribunal considered their evidence but pointed out that there was no jurisdiction to make such a finding and suggested that they make their feelings known to the directors, Ms Hameed in particular.

8. All parties present, including the Bensons, were satisfied that the works had commenced and were all keen for the order to continue for two years.

### **THE TRIBUNAL'S DECISION**

9. Section 24 of the Act provides (inter alia) that a First Tier Tribunal (previously the Leasehold Valuation Tribunal) may, on an application for an order under this section appoint a manager to carry out in relation to any premises to which this part applies -
  - (a) such functions in connection with the management of the premises; or
  - (b) such of a receiveror both as the Tribunal thinks fit.
10. This is an unusual case as on the face of it, there would appear to be no reason why a tenant owned freehold company cannot appoint a managing agent to undertake the management duties imposed by the lease. of the members are investors. However in the case the Property it has not been possible for the directors to impose the authority required to undertake the repairs.
11. The result is that the Property has fallen into a state of disrepair to such a degree that the directors have been advised that there is a real risk of litigation. The Tribunal has considered the evidence of the state of repair of the property and noted that since the implementation of the interim order, monies have been collected and essential work commenced.
12. The Tribunal considered it was just and equitable to make a full management order for a period of two years from 14<sup>th</sup> March 2014.
13. Mr Maunder Taylor had omitted to include the resolution of the company changing the accounting years end but agreed to fax it to the Tribunal together with a copy of the final order for attachment to the decision
14. A copy of the management order is attached

**Name:**

**Judge Tamara Rabin**

A handwritten signature in black ink, appearing to read "Tamara Rabin", written in a cursive style.

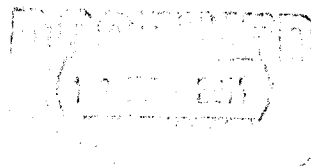
**Date:**

**2<sup>nd</sup> June 2014**

**PALACE COURT MANAGEMENT LTD**

Registered address: Curzon House 64 Clifton Street London EC2A 4HB  
Co.Reg.no.01447927

Bruce Maunder Taylor  
Chartered Surveyors  
1320 High Road  
London N20 9HP



Your ref: BRMT/sm  
11<sup>th</sup> February 2014

Re: Palace Court, Palace Road, London SW2 3ED

Dear Mr Maunder Taylor,

Further to your Notice pursuant to S.22 of the Landlord and Tenant Act 1987, dated 6<sup>th</sup> February 2014, the Directors of Palace Court Management Ltd held a meeting of the Board yesterday.

It was agreed that, given the potential safety risk now presented by the building to residents and to the wider community, and given the difficulties of collecting arrears and the continued indications that there will be further non-payment, the Directors cannot undertake to remedy the matters you raise within an appropriate timescale.

Seven Directors (two of them via email and telephone) also voted that the Company would like to join the leaseholders whom you represent in order to make a *joint* application to the Residential Property Tribunal. (One Director did not support this decision.) We trust that with the Company's support you will now proceed with the application.

Yours sincerely,

Ambreen Hameed  
Flat 9 Palace Court  
07941 927719

On behalf of the Directors of Palace Court Management Ltd

**IN THE RESIDENTIAL PROPERTY TRIBUNAL**

**CASE REFERENCE: LON/00AY/LAM/2014/0004**

**CLAIRE BROWN (FLAT 1)  
HENRY FORD (FLAT 5)  
AMBREEN HAMEED (FLAT 9)  
J BROWN AND J BULLOUGH (FLAT 11)  
DOUGLAS WARD (FLAT 12)  
PETER PRINCE (FLAT 16)  
LUC AND PENNY CHARLES (FLAT 17)**

**Applicants**

**AND**

**PALACE COURT MANAGEMENT LIMITED**

**Respondents**

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**MANAGEMENT ORDER**

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*Interpretation:*

In this Order:

- (a) "Common Parts" means all main entrances, passages, landings, staircases (internal and external), gardens, gates, access yards, loading/unloading areas, roads and footpaths, passenger and/or goods lifts, means of refuse disposal and other areas included in the Title above referred to provided by the Lessor for the common use of Lessees at the Property and their employees and visitors and not subject to any lease or tenancy to which the Lessor is entitled to the reversion.
- (b) "Leases" means the long leases vested in the Lessees of the 16 flats located at the address.
- (c) "Lessee" means a tenant of a flat holding under a long lease.
- (d) "the Manager" means Mr Michael Maunder Taylor of Maunder Taylor, Chartered Surveyors.
- (e) "the Premises" means all that property known as Flats 1-17 (no Number 13) Palace Court, Palace Road, London SW2 3ED including the Common Parts.

- (f) "Functions" means any functions in connection with the management of the Premises including any obligations and powers of the Respondent under the terms of the leases.
- (g) "the Respondent" includes any successors in title of the freehold estate registered under Title Number 229316 or any interest created out of the said freehold title.

***Preamble***

UPON the Applicant having applied for the appointment of a Manager under Part II, Landlord and Tenant Act 1987

AND UPON the Residential Property Tribunal being satisfied that the Applicants are entitled to so apply and that the jurisdiction to appoint a Manager is exercisable in the present case

AND UPON the Residential Property Tribunal being satisfied that the conditions specified in S.24, Landlord and Tenant Act 1987 are met, such that it is just and convenient to appoint a Manager

IT IS ORDERED THAT

***The Manager***

1. The appointment of Mr Michael Maunder Taylor, BA (Hons) MSc, MIRPM, AssocRICS as Manager (including such functions of a Receiver as are specified herein) of the Premises pursuant to S.24 of the Act shall continue for a period until (date) and is given for the duration of his appointment all such powers and rights as may be necessary and convenient and in accordance with the Leases to carry out the management functions of the Respondent and in particular:
  - (a) To receive all service charges, interest and other monies payable under the Leases and any arrears due thereunder, the recovery of which shall be at the discretion of the Manager.
  - (b) For the avoidance of doubt, the current service charge financial year shall continue to 14 February 2015 and thereafter shall run from 15 February to 14 February in each year this Order is in place (but

subject to variation in accordance with Clause 4.2.2 of the lease should the Manager determine a different financial year).

- (c) The power to vary the dates on which advance half-yearly payments of service charge are due and payable by the lessees, and the power to revise any half-yearly advance service charge demand already issued, should the Manager in his reasonable discretion decide that it is appropriate to do so (see Clause 4.2.7 of the lease).
- (d) The power to treat the final five lines of Clause 4.2.6 of the lease as a power to include a reserve fund provision in the service charge demands and end of year accounts.
- (e) The power and duty to carry out the obligations of the Respondents contained in the Leases and in particular and without prejudice to the foregoing:
  - (i) The Respondent's obligations to provide services;
  - (ii) The Respondent's repair and maintenance obligations; and
  - (iii) The Respondent's power to grant consent (save that the Manager may not give consent for alterations in respect of any lease of a flat in the Premises, such matters being retained by the Respondent).
- (f) The power to delegate to other employees of Maunder Taylor, appoint solicitors, accountants, architects, surveyors and other professionally qualified persons as he may reasonably require to assist him in the performance of his functions.
- (g) The power to appoint any agent or servant to carry out any such function or obligation which the Manager is unable to perform himself or which can more conveniently be done by an agent or servant and the power to dismiss such agent or servant.
- (h) The power in his own name or on behalf of the Respondent to bring, defend or continue any legal action or other legal proceedings in connection with the Leases of the Premises including but not limited to proceedings against any Lessee in respect of arrears of service



charges or other monies due under the Leases and to make any arrangement or compromise on behalf of the Respondent.

- (i) The power to enter into or terminate any contract or arrangement and/or make any payment which is necessary, convenient or incidental to the performance of his functions.
- (j) The power to open and operate client bank accounts in relation to the management of the Premises and to invest monies pursuant to his appointment in any manner specified in the Service Charge Contributions (Authorised Investments) Order 1998 and to hold those funds pursuant to S.42 of the Landlord and Tenant Act 1987. The Manager shall deal separately with and shall distinguish between monies received pursuant to any reserve fund (whether under the provisions of the lease (if any) or to power given to him by this Order) and all other monies received pursuant to his appointment and shall keep in a separate bank account or accounts established for that purpose monies received on account of the reserve fund.
- (k) The power to rank and claim in the bankruptcy, insolvency, sequestration or liquidation of the Respondent or any Lessee owing sums of money under his Lease.
- (l) The power to borrow all sums reasonably required by the Manager for the performance of his functions and duties, and the exercise of his powers under this Order in the event of there being any arrears, or other shortfalls, of service charge contributions due from the Lessees or any sums due from the Respondent, such borrowing to be secured (if necessary) on the interests of the defaulting party (i.e., on the leasehold interest of any Lessee, and the freehold of the Premises in respect of the Respondent) PROVIDED THAT the Manager shall not secure any borrowing as aforesaid without the consent of the defaulting party (not to be unreasonably withheld), or in default of that consent, without further Order of the Residential Property Tribunal.
- (m) For the avoidance of doubt, the right to collect ground rents due under the leases remains a right of the Respondent and does not form part of the Functions of the Manager.

2. The Manager shall manage the Premises in accordance with:
  - (a) the Directions of the Tribunal and the Schedule of Functions and Services attached to this Order;
  - (b) the respective obligations of all parties – landlord and tenant – under the Leases and in particular with regard to repair, decoration, provision of services and insurance of the Premises; and
  - (c) the duties of managers set out in the Service Charge Residential Management Code (the “Code”) or such other replacement code published by the Royal Institution of Chartered Surveyors and approved by the Secretary of State pursuant to S.87 of the Leasehold Reform, Housing and Urban Development Act 1993.
3. From the date of this Order, no other party shall be entitled to exercise a management function in respect of the Premises where the same is a responsibility of the Manager under this Order.
4. From the date of this Order, the Respondent shall not, whether by itself or any agent, servant or employee, demand any further payments of services charges, administration charges or any other monies (save for ground rent payments due) from the Lessees at the Premises, such functions having been transferred to the Manager from and including the date of the Tribunal’s decision.
5. The Respondent and the Lessees and any agents or servants thereof shall give reasonable assistance and cooperation to the Manager in pursuance of his duties and powers under this Order and shall not interfere or attempt to interfere with the exercise of any of his said duties and powers.
6. Without prejudice to the generality of the foregoing hereof:
  - (a) The Respondent shall permit the Manager and assist him as he reasonably requires to serve upon Lessees any Notices under S.146 of the Law of Property Act 1925 or exercise any right of forfeiture or re-entry or anything incidental or in contemplation of the same.

- (b) The rights and liabilities of the Respondent as Landlord arising under any contracts of insurance to the Premises shall continue as rights and liabilities of the Manager.
- (c) The Manager shall be entitled to remuneration (which for the avoidance of doubt shall be recoverable as part of the service charges) in accordance with the Schedule of Functions and Services attached.
7. The Manager shall in the performance of his functions under this Order exercise the reasonable skill, care and diligence to be expected of a manager experienced in carrying out work of a similar scope and complexity to that required for the performance of the said functions and shall ensure he has appropriate professional indemnity cover in the sum of at least £1,000,000 providing copies of the current cover note upon request by any Lessee, the Respondent or the Tribunal.
8. The Manager shall act fairly and impartially in his dealings in respect of the Premises.
9. The Manager is directed to register his Order against the Respondent's freehold estate registered under Title Number 229316.
10. The Manager's appointment shall continue from the date of this Order and the duration of his appointment shall be limited to a period until (date to be agreed/determine).
11. The obligations contained in this Order shall bind any successor in title and the existence and terms of this Order must be disclosed to any person seeking to acquire either a leaseholder interest (whether by assignment or fresh grant) or freehold.

***Liberty to apply***

12. The Manager may apply to the Leasehold Valuation Tribunal for further directions in accordance with S.24(4), Landlord and Tenant Act 1987. Such directions may include, but are not limited to:
- a. Any failure by any party to comply with an obligation imposed by this Order;
- b. For directions generally;

- c. Directions in the event that there are insufficient sums held by him to discharge his obligations under this Order and/or to pay his remuneration.

Signed T Rabin

Dated 2<sup>nd</sup> June 2014

**SCHEDULE****FUNCTIONS AND SERVICES****Financial Management:**

1. Prepare a 6-monthly service charge budget (consulting with the Lessees as appropriate) administer the service charge and prepare and distribute appropriate service charge accounts to the Lessees as per the percentage share under the terms of the Leases.
2. Demand and collect service charges, insurance premiums and any other payments due from the Lessees in the percentage proportions set out at Fourth Schedule of the Lease. Instruct solicitors to recover any unpaid service charges and any other monies due to the Respondent.
3. Create a long-term maintenance plan and appropriate reserve fund in accordance with Clause 4.2.6 of the Lease.
4. Produce for inspection (but not more than once in each year) within a reasonable time following a written demand by the Lessees or the Respondent, relevant receipts or other evidence of expenditure.
5. Manage all outgoings from the funds received in accordance with this Order in respect of day to day maintenance and pay bills.
6. Deal with all enquiries, reports, complaints and other correspondence with Lessees, solicitors, accountants and other professional persons in connection with matters arising from the day to day financial management of the Premises.

**Insurance:**

7. Arrange for the transfer of the existing insurance policy from the Respondent (as the present insured party) to the Manager (as the insured party) noting the interest of the Respondent. That policy to be in relation to the buildings and the contents of the common parts of the Premises together with Public Liability Insurance and, on renewal, check that the renewal terms being offered are competitive and reasonable before renewing. Provide a copy of the cover note to all Lessees and the Respondent.

8. Manage or provide for the management through a broker of any claims brought under the insurance policy taken out in respect of the Premises with the insurer.

### **Repairs and Maintenance**

9. Deal with all reasonable enquiries raised by the Lessees in relation to repair and maintenance work, and instruct contractors to attend and rectify problems as necessary.
10. Administer contracts entered into on behalf of the Respondent and Lessees in respect of the Premises and check demands for payment for goods, services, plant and equipment supplied in relation to contracts.
11. Manage the Common Parts and service areas of the Premises, including the arrangement and supervision of maintenance.
12. Carry out regular inspections (at the Manager's discretion but not less than four per year) without use of equipment, to such of the Common Parts of the Premises as can be inspected safely and without undue difficulty to ascertain for the purpose of day-to-day management only the general condition of those Common Parts.

### **Major Works**

- 13a. In addition to undertaking and arranging day-to-day maintenance and repairs, to arrange for the presently proposed major works project to proceed under the supervision of Cardoe Martin Burr, such proposed works having been fully specified, tendered and statutory consultation procedure completed.
- 13b. Thereafter, arrange and supervise major works as and when they will be required to be carried out to the Premises (such as extensive interior or exterior decoration or repairs required to be carried out under the terms of the Leases or other major works where it is necessary to prepare a specification of works, obtain competitive tenders, serve relevant notices on the Lessees and supervise the works in question).
- 13c. In particular to undertake as soon as practicable a full health and safety review and an assessment of the electrical supply to the Premises.

**Administration and Communication**

14. Deal promptly with all reasonable enquiries raised by Lessees, including routine management enquires from the Lessees or their solicitors.
15. Provide the Lessees with telephone, fax, postal and email contact details and complaints procedure.
16. Keep records regarding details of Lessees, agreements entered into by the Manager in relation to the Premises and any changes in Lessees.

**Fees**

17. Fees for the above mentioned management services (with the exception of supervision of major works) would be a fee of £5,000 plus VAT per annum for the Premises for the remainder of the financial year. Thereafter the fee shall be reviewed annually in line with inflation.
18. An additional charge shall be made in relation to the arrangement and supervision of major works on the basis of a fee of 1% of the cost of the works plus VAT. This is a fee separate from that charged from any contract administrator, consultant or other.
19. An additional charge shall be made in relation to the arrangement, claims handling and brokerage of insurances for the Premises including public liability, which shall be reasonable and reflect whether the insurance is brokered through an external broker or brokered within the Manager's own existing insurance arrangements.
20. An additional charge for dealing with solicitors' enquiries on transfer will be made in the sum not to exceed £150 plus VAT payable by the outgoing Lessee.
21. The undertaking of further tasks which fall outside those duties described above are to be charged separately at a present hourly rate ranging from £125 plus VAT for a qualified member of staff but, if the matter requires the Manager's personal attention, at a present hourly rate of £200 plus VAT. The recovery of outstanding service charge monies shall give rise to an administration charge payable by the defaulting Lessee of £30 for each letter written after the first.