



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

Case Reference : **LON/00BH/LSC/2013/0137**

Property : **Flat 2, 15 Clarendon Road, E11 1BZ**

Applicant : **Quadron Investments Limited**

Representative : **Salter Rex LLP**

Respondent : **Mr Raphael Roberts**

Representative : **None**

Type of Application : **For the determination of the reasonableness of and the liability to pay a Service Charge (transfer from the County Court)**

Tribunal Members : **Mr M Martynski (Tribunal Judge)
Miss M Krisko BSc(EstMan) BA
FRICS**

Date and place of consideration : **10 Alfred Place, London WC1E 7LR
20 May 2014**

Date of Decision : **20 May 2014**

DECISION

Decisions of the tribunal

1. All the Service Charges of £1,145.21 claimed in the County Court proceedings are reasonable and payable by the Respondent.
2. The Administration Charge of £60.00 is not payable by the Respondent.
3. The legal costs of £949.00 are not payable by the Respondent.
4. The tribunal has no jurisdiction in respect of ground rent.

Background

5. The Respondent is the long leaseholder of Flat 2, 15 Clarendon Road which is a flat in a converted house ('the Building'). There is one other flat in the building. The Respondent is liable to contribute 50% to the Service Charge of the Building.
6. The Applicant is the freehold owner of the Building.
7. In September 2013, the Applicant issued proceedings against the Respondent in the County Court. In those proceedings the Applicant claimed:-

Ground Rent	£100.00
Service Charges	£1,145.21
Administration Charge	£60.00
Legal Costs	£949.00

8. The Respondent did not respond to the County Court claim and judgement was entered against him on 26 October 2013 in the sum of £2,289.378.
9. On 18 February 2014 the Court dealt with the Respondent's application to set aside the judgement. Deputy District Judge Shaw ordered that the judgment be set aside and transferred the case to this tribunal.
10. In his application to set aside the judgement the Respondent made the following comments as to why he disputed the claim:-

I believe the amounts claimed are incorrect and are not proportionate for maintenance and upkeep this type of property a maisonette flat house conversion, furthermore there has been no maintenance on this property of which there is now a serious need.

11. After the case papers were received, this tribunal held a case management hearing on 1 April 2014. A representative from the managing agents, Salter Rex, attended the hearing. The Respondent did not attend the hearing.
12. Directions were given at the hearing on 1 April 2014 for the matter to be decided on the papers alone without a further hearing. The directions included a direction for the Respondent to prepare a statement giving details as to exactly what parts of the claim he disputed and why.
13. The Respondent did not make a statement in accordance with the directions and appears to have taken no part in the proceedings after they were transferred to this tribunal.
14. Neither party requested a hearing and therefore the decision in this case has been made on the basis of the papers in the file transferred from the County Court and on the bundle of papers prepared by the Applicant's managing agents.

The claims and the Tribunal's decisions

Service Charge

15. The Service Charges for the Building are as follows:-

Expenditure	2011	2012	2013 (budget)
Accountancy	£120.00	£125.00	£130.00
Building Repairs	£0.00	£0.00	£300.00
Health and Safety	£0.00	£0.00	£300.00
Building Insurance	£460.04	£484.38	£500.00
Management Fee	£624.00	£636.00	£648.00
Totals	£1204.04	£1245.38	£1878.00

16. The amounts of Service Charge claimed for management and accounts appear to be on the high side as the only service provided is the provision of buildings insurance. However, in the absence of a detailed objection to these items, the Tribunal concludes that the sums claimed are within a reasonable arguable range and so are payable.
17. The budget for building repairs and health and safety and the insurance charges appear reasonable and so are payable by the Respondent.

Administration Charge - £60.00

18. No demand for an Administration Charge of £60 appeared in the papers before us.
19. The only references to this sum were as follows:-
 - a. In a letter from Altermans Solicitors dated 3 September 2013 sent to the Respondent. That letter states:-

The outstanding arrears of ground rent and service charges are currently £1245.21. Further there are administration charges of £60. Details are set out on the attached schedule.

The Tribunal did not have a copy of the schedule referred to.

- b. In a letter from Mr O'Reilly of Salter Rex addressed to the tribunal and dated 14 April 2014 in which it states:-

With regard to administration costs in the sum of £60.00, I can confirm that this is Salter Rex's fee if preparing files to pass onto solicitors who have been employed on behalf of the Freeholder to cover all outstanding arrears.

20. This sum is not payable by the Respondent. First, there has been no proper demand for it containing a statement of rights and obligations required to make a demand payable. Second, the Respondent's lease makes no provision for the charging of an Administration Charge of this nature¹.

¹The provision at paragraph 6 of the Fourth Schedule to the lease is a Service Charge provision, not a provision that would allow the levying of an Administration Charge

Legal Costs - £949.00

21. Although listed separately from the previous charge of £60.00, these charges are simply another form of Administration Charge and subject to the same rules.
22. The only references to this sum or for any sum for legal fees were as follows:-

- a. In the County Court particulars of claim which state as follows:-

4. Further, the Defendant has breached the terms of the Lease in that he has failed to pay the costs incurred by the Landlord to date in bringing these proceedings.

PARTICULARS

- a. the Claimant has incurred costs amounting to £949.00
- b. by a letter dated 3 September 2013 sent to the Defendant, the Claimant's solicitors requested that the Defendant pay the costs incurred up to that date. The Defendant failed to pay such costs.

- b. In a letter dated 3 September 2013 from Altermans Solicitors to the Respondent, the relevant part of which states:-

In addition, our client has to date incurred costs in the sum of £336.00 including VAT and disbursements.

- c. In a Service Charge demand dated 24 January 2014 containing the entry; 'Legal 17/9/2013 95.00'
23. This sum is not payable by the Respondent. First, there has been no proper demand for it. Nowhere is there a demand for the total sum of £949 nor smaller sums making up that amount.
24. Second, the County Court claim seeking the £949 refers to a letter from the solicitors dated 3 September 2013. That letter only seeks the sum of £336. There is no indication that this letter is a proper demand in any event as it does not appear to contain the statement of rights and obligations required to make a demand payable.
25. Third, there is no breakdown of this very large sum nor is there any indication as to what legal work it is for.

26. Fourth, the only provision in the lease² for a charge of this nature is at clause 3.(v) which is the standard lease term that obliges the tenant to pay solicitor's costs incurred by the landlord - 'for the purposes of or incidental to the preparation and service of a notice under Section 146 of the Law of Property Act 1925.....'.
27. There is nothing before us to show whether or not these costs were incurred by the lessor 'for or incidental to the preparation' of such a notice. Indeed such a notice could not have been served in respect of the current alleged arrears prior to the conclusion of these proceedings in any event.
28. Fifth, there is no evidence before us that these charges have in any event actually been charged to or incurred by the Claimant.

Mark Martynski, Tribunal Judge
20 May 2014

²In any event, the lease before us is the lease for flat 1, not the subject flat which is flat 2.