



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

Case Reference	:	VG/LON/00AW/OC9/2015/0286
Property	:	Flat 2, 6 Gloucester Walk, London W8 4 HZ
Applicant	:	Mr A C Lippiatt
Representative	:	Winkworth Sherwood
Respondents	:	Elesh Kumar & Sushmaben Patel
Representative	:	Fladgate LLP
Type of Application	:	Costs (lease extension)
Tribunal Members	:	Judge Tagliavini
Date and venue of hearing (paper)	:	10 Alfred Place, London WC1E 7LR 25 August 2015
Date of Decision	:	25 August 2015

DECISION

- (i) The tribunal determines that the sum of £1,760.50 plus VAT @ 20% is payable by the Respondent tenants to the Applicant landlord for the reasonable legal costs incurred in respect of this application for a new lease pursuant to the provisions of section 60 of the Leasehold Reform, Housing and Urban Development Act 1993. In addition the sum of £1,200 plus VAT @ 20% is payable by the tenants in respect of the valuation fee.
- (ii) The tribunal determines that the Applicant has not behaved unreasonably within the meaning of rule 13 of The Tribunal Procedure

(First-tier Tribunal) (Property Chamber) Rules 2013 in making this application and therefore the Respondent tenants' costs of £799.00 plus VAT @ 20% are not payable by the Applicant landlord.

The application

1. The Applicant seeks a determination pursuant to the provisions of the Leasehold Reform, Housing and Urban Development Act 1993 seeking a determination of the reasonable costs payable in respect of the application made for a lease extension.
2. The premium payable and the terms of the leasehold extension having been determined previously, the issues left that the tribunal for determination are;
 - (i) What are the reasonable costs payable by the tenants to the landlord in respect of the lease extension/new lease?
 - (ii) Is the landlord liable for the tenant's costs in the sum of £799.00 plus VAT @ 20% due to his (alleged) unreasonable behaviour in making this application to the tribunal?
3. Directions dated 1 July 2015 were made in respect of this application were made by the tribunal. In response to those directions the tribunal was provided with a comprehensive bundle of documents on behalf of the parties.

The hearing

4. Neither party requested an oral hearing and the application was determined on the documents provided.
5. Having considered all of the documents provided, the tribunal has made determinations on the various issues as follows.

The landlord's reasonable costs of the lease extension

The tribunal's decision

6. The tribunal determines that the amount payable by the tenants in respect of the landlord's reasonable legal costs is £1,760.50 plus VAT @ 20%.

Reasons for the tribunal's decision

7. In reaching its determination the tribunal accepts the tenants' submissions that the application for the grant (extension) of a lease was neither complex nor protracted. The tribunal finds that the use of a Grade A fee earner at £325 per hour is neither reasonable nor justified. Further, the tribunal finds that the amount of correspondence claimed by the landlord's solicitors to be excessive and unreasonable and without proper particularisation. Consequently, the tribunal finds the sum of legal fees sought by the landlord of £2,573.00 (exclusive of VAT) is excessive.
8. Further, the tribunal would reasonably expect an experienced Grade A fee earner to have been able to read documents and enter into correspondence more expeditiously than appears from the times claimed. The tribunal can see no complexities in this matter that may have arisen to cause further time being reasonably incurred or that standard issues could not have been dealt with properly by a more junior fee earner. The tribunal finds that the landlord has failed to identify in the Statement of Case or supporting evidence any such complexities and therefore determines that the costs claimed by the landlord should be reduced by a sum equivalent to two-and-a-half hours of the hourly fee of £325 claimed by the Grade A fee earner i.e. a reduction of £812.50 exclusive of VAT

Unreasonable costs claimed by the tenant from the landlord

The tribunal's decision

9. The tribunal finds that the landlord's application to the tribunal for a determination of his costs is not unreasonable. Therefore the landlord is not liable to pay any of the tenants' costs in respect of the application to the tribunal.

Reasons for the tribunal's decision

10. Although the tribunal finds it regrettable that the parties could not have reached an agreement on the payable costs, it does not find that the landlord's proper reliance on the tribunal to make a determination of the reasonable costs to fall within the meaning of rule 13 of The Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013. The tribunal finds that considerable correspondence was generated by the parties in respect of seeking clarification of the sums said to have been incurred by the landlord and that an offer of settlement was proposed by the tenants. Notwithstanding these matters, the tribunal does not regard a failure to agree costs and a reliance on the tribunal procedures to amount to unreasonable behaviour such that the landlord should pay costs to the tenants.

11. The tribunal notes that it is said that the tenants have agreed to pay 50% of the costs sought by the landlord and therefore it is only the remaining 50% in dispute. However, the tribunal does not regard this to be an entirely accurate reflection of the any agreement between the parties. It appears to the tribunal that the landlord would only enter into the lease extension voluntarily if the tenant paid 50% of his costs "up front". This does not in the tribunal's opinion provide evidence of an agreement between the parties as to the amount of costs payable.

12. In conclusion, the tribunal determines that the sum of £1760.50 plus VAT @ 20% is payable by the tenant in respect of the landlord's reasonable legal costs without deduction together with valuation fees of £1,200 plus VAT @ 20%.

Signed: Judge Tagliavini

Dated: 25 August 2015