



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

Case Reference : LON/00BD/LSC/2017/0144

Property : 5B, Royal Parade, Kew, Richmond,
Surrey TW9 3QD

Applicant : Ms B Grant

Representative : In person

Respondent : Mr. J Stone

Representative : In person

Type of Application : Service charges

Tribunal Members : Judge LM Tagliavini
Mr. K Cartwright JP FRICS

**Date and venue of
(paper) hearing** : 10 Alfred Place, London WC1E 7LR
26 June 2017

Date of Decision : 26 June 2017

DECISION

The tribunal determines the following:

- (i) The tribunal finds that the Applicant is liable to pay one-third of the insurance premium for the service charge year 2016-2017 in accordance with the terms of the lease dated 2 September 1983 and as they appear on page 6 of the lease. The tribunal also determines that the insurance premium for 2016-2017 in the sum of £2,267.41 is reasonable.

The application

1. The Applicant seeks a determination pursuant to section 27A of the Landlord and Tenant Act 1985 (“the Act”) as to her liability to pay the insurance premium for the subject premises for the service charge year 2016-2017. The Applicant’s share is £750.80, which represents a one-third share of the insurance premium of £2,267.41.
2. At the request of the Applicant the tribunal determined the application on the documents provided by each party, there being no request made for an oral hearing

The background

3. The subject premises comprise a flat in a building defined as the “main building at 5 Royal Parade.” The building contains one other residential property with commercial premises on the ground floor, currently been utilised as a Dry Cleaners.

The issues

4. The tribunal identified the relevant issues for determination as follows:
 - (i) Whether the insurance premium being charged is reasonable and if not, a determination by the Tribunal as to what is a reasonable premium. Linked to this is the issue of whether the increase in the premium is justified.
 - (ii) Should the Applicant’s proportion exclude the commercial cover in the premium.

The Applicant’s case

5. In support of her application Ms Grant relied upon a Statement of Case dated 23/05/17 and a further Statement of Case dated 12/06/17. Ms Grant asserted that the insurance premium had unreasonably

increased from £1,300 in 2013/14 to £2,100 in 2014/15 and was now being demanded in the sum of £2,267.41. Further, Ms Grant asserted that the present insurance premium unreasonably covers the commercial premises on the ground floor as well including terrorism cover, which she granted as unnecessary for a residential property. Ms Grant provided the tribunal with alternative insurance quotes with and without terrorism cover ranging from just over £500 per annum to just under £1,000 per annum.

The Respondent's Case

7. Mr. Stone relied upon a Statement dated 13/6/17 in which he confirmed the Applicant was required to pay one-third of the insurance premium. Mr Stone told the tribunal in his statement, that the building in which the subject property is situated, is part of a portfolio of properties which are insured under a single policy. In support of his assertion that the 2016-2017 insurance premium, Mr. Stone relied upon the evidence of his insurance broker Gauntlet Sphere and contained in a letter dated 13/06/17 in which, Ms Grant's assertions of "unreasonableness" had been tested. The broker stated that a number of insurers had declined to quote and the best rate available was £2,465.32 with QIC Europe.

The tribunal's decision

9. The tribunal finds that the insurance premium for the service charge year 2016/17 in the sum of £2,267.41 is reasonable and payable in the sum of one-third by the Applicant in accordance with the terms of the lease.

Reasons for the tribunal's decision

10. The tribunal finds that it is an express term of the Applicant's lease that she pays one-third of the insurance premium for the "main building" defined as 5 Royal Parade. Therefore, until such time as the terms of the lease are varied, they are binding on the Applicant.
11. The tribunal has considered whether the insurance premium for 2016-2017 is reasonable. On this issue the tribunal prefers the evidence of Mr. Stone and his broker to that of Ms Grant and finds that the alternative insurance premium quotes cannot be regarded as truly comparable. The tribunal finds that Mr. Stone is entitled to insure his property as part of a portfolio of properties and can reasonably include cover for terrorism. The tribunal accepts the evidence that premium charge for 2015-2016 represents the best rate available for that year in respect of the subject property.

Section 20C application

12. Ms Grant applies to the tribunal that the landlord's costs of this application are not passed on through the service charge pursuant to section 20C of the Act. In light of past concessions made by Mr. Stone to Ms Grant's insurance contribution, the tribunal considers it appropriate in the current circumstances to make the order requested by Ms Grant. Therefore, the landlord's costs of this application are not to be added to the service charges.

Signed: Judge LM Tagliavini

Dated: 26 June 2017