FIRST-TIER TRIBUNAL
PROPERTY CHAMBER (RESIDENTIAL PROPERTY)

Case References	**:**	**LON/00AN/LSC/2020/0004**
HMCTS Code (paper, video, audio)	**:**	**V - Video**
Property	**:**	**215F, Uxbridge Road, London W12 9DH**
Applicant	**:**	**Long Term Reversions (Torquay) Ltd**
Representative	**:**	**J.B. Leitch Solicitors**
Respondent	**:**	**Mr. Mohammad Sadgi Al Souri**
Representative	**:**	**Not represented**
Type of Applications	**:**	**For the determination of the reasonableness of and the liability to pay service charges and/or administration charges**
Tribunal Member	**:**	**Tribunal Judge S. J.Walker**
Date and venue of Hearing	**:**	**17 March 2021 – video hearing**
Date of Decision	**:**	**21 April 2021**

DECISION

This has been a remote video hearing which has been consented to by the parties. The form of remote hearing was V: Video Remote. A face-to-face hearing was not held because it was not practicable and all issues could be determined in a remote hearing. The Tribunal's determination is set out below.

Decisions of the Tribunal

(1) The Tribunal determines that the sum payable by the Respondent by way of service charges in respect of the 2018 service charge year is £806.63.

(2) The Tribunal determines that the sum of £220 in administration costs is payable by the Respondent for the 2018 service charge year.

Reasons

The Application

1. On 25 November 2018 the Applicant issued proceedings in the County Court for payment of unpaid service charges, administration charges and rent in respect of the 2018 service charge year, which runs from 1 January 2018 to 31 December 2018. A sum of £966.89 was sought in respect of unpaid rent, service charges, administration charges, interest and fees. A further £594 was sought as legal costs due under the terms of the lease (page 1). The Respondent filed a defence alleging that the service charges were not legitimate (page 2). There was no counterclaim. The Applicant filed a reply to the defence on 14 January 2019 (pages 4 to 8).

2. Following a number of procedural steps in the County Court, on 23 September 2019 Deputy District Judge Phillips sitting at Brentford County Court made an order transferring the proceedings to this Tribunal pursuant to the powers contained in paragraph 3 of Schedule 12 of the Commonhold and Leasehold Reform Act 2002 ("the 2002 Act"). The terms of the Order were that the matter was transferred to "*determine whether service charges are legitimate and reasonable*" (page 181).

3. In the absence of any counterclaim in the County Court proceedings the Tribunal was satisfied that the only service charges before the County Court were those set out above relating to the 2018 service charge year and, therefore, only those matters were before this Tribunal.

4. Following the transfer, the 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 payable by the Respondent in respect of the service charge year 2018. Subject to what is said below, the Applicant also seeks a determination pursuant to paragraph 5 of Schedule 11 of the 2002 Act as to the amount of administration charges payable by the Respondent for the same period.

5. Directions were issued on 14 January 2020 (pages 182 to 186). In these directions Tribunal Judge Dutton identified the issue to be determined as whether or not the rent, service charges and administration charges are legitimate and reasonable whilst also directing that the claim for costs of £594 which the Applicant says are payable by reference to the lease should be returned to the County Court together with the claim for interest and other fees (page 183). Directions were also given requiring the parties to complete schedules identifying the issues between the parties and for the preparation of hearing bundles. The schedules were completed and appear at pages 54 to 71 and the Respondent provided a number of supporting documents (pages 39 to 53). The directions also provided that any representations on any application under section 20C of the 1985 Act that the Applicant's costs of these proceedings may not be added to the service charge could be made either in the supporting statements or made orally at the end of the hearing.

6. The directions originally fixed a hearing date of 22 April 2020. However, this could not take place because of the outbreak of the Covid-19 pandemic. In subsequent correspondence with the Tribunal the Respondent sought a delay of the hearing until 2021 (page 192). On 22 December 2020 Judge Vance reviewed the application and directed that the parties should provide dates to avoid for the hearing, that any further witness statements should be exchanged by 29 January 2021 and that the Applicant was to prepare a digital bundle (page 187).

7. On 18 January 2021, the Tribunal received a witness statement and supporting documents on behalf of the Applicant written by Ms. Shelley Fey. This appears in the Tribunal's papers as document DOC092. It also had a bundle from the Applicant comprising an index and 192 pages. As is often the case the electronic page numbers are not the same as those written on the documents themselves. Throughout this decision references to page numbers are to this bundle unless otherwise stated and are to the numbers appearing on the documents.

8. On 11 February 2021, the case was further reviewed by Judge N. Carr. The Applicant had responded with no dates to avoid and the Respondent had made no response to Judge Vance's directions. The hearing was fixed for 17 March 2021.

9. By the date of the hearing the Tribunal had also received a skeleton argument on behalf of the Applicant written by Mr. A. J. Tolson of counsel. Nothing further had been received from the Respondent.

The Hearing

10. The managing director of the Applicant's managing agents Ms. Shelley Fey attended the hearing and the Applicant was represented by Mr. Tolson of counsel instructed by J.B. Leitch solicitors. The Respondent did not attend and was not represented. The Tribunal was satisfied that the Respondent had been notified of the hearing and that he had been given instructions on how to join it. On the morning of the hearing at the direction of the Tribunal the Clerk attempted to telephone the Respondent on the number given by him but there was no answer. A message was left reminding him of the hearing. The

hearing had been listed for 10.00am. By 10.15am nothing had been heard from the Respondent and the Tribunal decided to proceed without him. Nothing further was heard from him during the course of the hearing either.

11. In reaching its decision to proceed the Tribunal considered rules 3 and 34 of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013. It was satisfied that the Respondent had been given notice of the hearing and it was satisfied that it was in the interests of justice, and, having regard to the overriding objective, fair, for the Tribunal to proceed with the hearing in his absence.

12. Neither party requested an inspection, and the Tribunal did not consider that one was necessary, nor would it have been proportionate to the issues in dispute.

The Background

13. The property is a one-bedroom flat on the first floor of a converted house which contains 8 flats over 4 floors including a basement.

14. The freehold of the property is owned by the Applicant – the evidence of title is at pages 32 to 35. The Respondent holds the property on a long lease originally made between Mr. Mohammed Sadiq and Mr. Carlton James for a term of 125 years from 7 October 2004. Proof of his title is at pages 10 to 11.

The Lease

15. The lease is at pages 13 to 30. By clause 3 (page 15) and paragraph 2 of the Fifth Schedule (page 19) the Respondent covenants to pay a proper proportion of the Applicant's costs incurred under the Eighth Schedule which, in turn, by paragraph 1 includes the costs of complying with the landlord's obligations in the Sixth Schedule (page 26).

16. In summary, the lease contains the usual provisions which require the Respondent to contribute to the costs of repair, maintenance, cleaning and insurance, the costs of employing a managing agent, and the costs of enforcing the covenants.

17. No provision is made in the lease to define the "proper proportion" which the Respondent must pay. Ms. Fey's evidence, which the Tribunal accepted, was that each flat at the premises pays an equal share and so the Respondent's share is 1/8th. There was nothing in the evidence before the Tribunal to show that the Respondent challenged this as not being a proper share and the Tribunal accepted that the proper proportion provided for in the lease is indeed 1/8th.

18. There was nothing in the schedule completed by the Respondent or the documents provided by him which suggested that he disputed that the terms of the lease allowed for the recovery of charges in respect of the matters in dispute His case was that the charges sought were not reasonable or appropriate.

MATTERS IN DISPUTE

19. As explained above, this case came to the Tribunal by way of a transfer from the County Court and the Tribunal was satisfied that the only matters before it concerned the 2018 service charge year. In the schedule completed by the Respondent and his supporting documents, issue is also taken with service charges for the years 2014 to 2017. These were outside the scope of the transfer and so the Tribunal took no account of them. This does not, of course, prevent the Respondent from making his own application to the Tribunal for a determination as to the payability of service charges for those years.

20. It is worth observing at this point that the supporting evidence in the form of letters and/or witness statements from the Respondent and other residents are all dated from earlier than 2018 and relate to different proceedings with the exception of one statement from Harmohan Puri which bears the date 3 February 2020 and the Tribunal's case reference number (page 46). However, the wording of this statement is identical to a previous statement made by the same person on 21 November 2016 (page 45). No other evidence has been provided by the Respondent which is relevant to the 2018 service charges.

21. The Applicant produced a service charge budget for the 2018 service charge year of £7,287 (page 144) of which the Respondent's share would be £910.88. This sum was demanded from him in two equal instalments of £455.44 (pages 134 and 135). However, since then the service charge accounts for the 2018 year have been produced. These are at pages 146 to 151. In reaching its determination the Tribunal had regard to the actual figures for 2018 rather than the budget amounts. The service charge accounts showed total expenditure for the 2018 service charge year of £6,453 of which the Respondent's share would be £806.63. The Respondent took issue with every item in these accounts as follows.

General Repair and Maintenance

22. Provision was made in the 2018 accounts for a sum of £660 in respect of general repairs and maintenance. The only challenge made to this charge by the Respondent was the observation in the schedule "*not specified / sinking or not"* (page 64).

23. The Applicant's case was that the total of £660 was made up from four items as follows. The installation of no smoking signs at a cost of £6, the supply of four extra waste bins at a cost of £78, and two investigations into a roof leak. During the first of these a crack was found in the cement flashing and the flash band was found to be loose. These were sealed and re-attached and the felt edging was re-sealed. The total cost of these two attendances was £576. The invoices for these items are at pages 73 to 76.

24. In his skeleton argument at paras 3.7 to 3.10 Mr. Tolson sets out how the sums charged are recoverable under the terms of the lease. The Tribunal accepted this. It was satisfied that it was reasonable to undertake these works and that the costs of them were reasonable. There was nothing to suggest the contrary.

It was, therefore, satisfied that the sum of £660 for general repairs and maintenance is both reasonable and the Respondent's share is payable by him.

Management Fees

25. The total management fees charged for the 2018 service charge year were £2,080. This was by way of quarterly invoices for £520 which appear at pages 78 to 81. The Respondent's comment in the schedule was that the cost was not reasonable and did not reflect the work done (page 65). No further particulars were provided, and no evidence of comparable management fees was put forward.

26. In their response in this schedule the Applicant explained that the services undertaken by the management agents included inspections of the condition of the property, giving instructions for small items of maintenance, providing an annual budget and making service charge demands, compiling documents to enable the year end accounts to be prepared, distributing those accounts, operating a bank account, serving section 20 notices where appropriate, managing insurance claims, dealing with the introduction of new lessees, carrying out health and safety surveys, ensuring that safety equipment is maintained, and answering correspondence in respect of the day to day management of the property. The Tribunal accepted this.

27. The Tribunal accepted that management fees are recoverable under the terms of the lease as explained at para 3.12 of the skeleton argument. In the experience of the Tribunal the sum of £520 per quarter for management of a property containing 8 units is well within the range of what is reasonable and there was insufficient evidence to show that the management undertaken by the agents was not to a reasonable standard. The Tribunal therefore concluded that the sum of £2,080 for management fees is reasonable and the Respondent's share is payable by him.

Bi-annual Service of Fire Alarm and Emergency Lighting

28. The 2018 accounts included an item of £409 in respect of fire alarms and emergency lighting. The Respondent's comment was that there was no evidence for this cost (page 66).

29. The Applicant's case was that the costs were in respect of the bi-annual maintenance of the fire alarm system and test of the emergency lighting. Invoices for these tests of £204.54 each are at pages 83 and 84. Although the copying is poor, it is clear that the work was done by a company called Elite Fire Protection.

30. At para 3.19 of the skeleton argument Mr. Tolson explained how these costs are recoverable under the terms of the lease, and the Tribunal accepted this. It was satisfied that these tests and maintenance were carried out and that it was reasonable to do so. It was also satisfied that the costs charged were reasonable. The Tribunal therefore concluded that the sum of £409 in respect of fire alarms and emergency lighting is reasonable and the Respondent's share is payable by him.

Insurance Claim

31. Included within the accounts for 2018 was a charge for £350 in respect of an insurance claim. The Respondent's comment was that there was no evidence of this, and it was not known which flat or why (page 66).

32. The Applicant's case was that this sum represented the excess payable in respect of an insurance claim which was made following damage being caused by a driver colliding with the front wall of the property.

33. The evidence showed that the Respondent was clearly aware that such damage had been caused as he sent an e-mail to Ms. Fey on 19 September 2018 informing her of the collision and resulting damage (page 88). There are two invoices from S&S (pages 86 and 87) which show that they attended to deal with the damaged wall and clear rubble from the site and subsequently attended to re-construct the damaged pier at a total cost of £1,664. The certificate of insurance shows that the excess for claims in respect of impact is £350 (page 94).

34. On the basis of this evidence, the Tribunal was satisfied that damage was caused to the property, that it was repaired, that an insurance claim was made and that all but £350 of the costs were covered by the insurers, leaving that sum to pay.

35. At para 3.24 of the skeleton argument Mr. Tolson explained how these costs are recoverable under the terms of the lease, and the Tribunal accepted this. It was therefore satisfied that the sum of £350 is reasonable and the Respondent's share is payable by him.

Fire Stopping to Electrical Cupboard

36. The 2018 accounts included an item of £265 in respect of fire stopping. The Respondent's comment was that there was no evidence for this cost (page 67).

37. The Applicant's case was that the costs were in respect of the supplying and fitting of a new fire-stopping seal to the electrical cupboard. This work was carried out by PML Construction Ltd. and the invoice is at page 96 where it forms part of a larger bill. The amount is £221 which with VAT amounts to £265.

38. At para 3.28 of the skeleton argument Mr. Tolson explained how this cost is recoverable under the terms of the lease, and the Tribunal accepted this. It was satisfied that the fire stopping was provided and that it was reasonable to do so. It was also satisfied that the costs charged were reasonable. The Tribunal therefore concluded that the sum of £265 is reasonable and the Respondent's share is payable by him.

Handrail Installation to Basement Flat

39. The 2018 accounts included an item of £1,560 in respect of handrail installation. The Respondent's comment was that this work was not carried out (page 67).

40. The Applicant's case was that metal handrails were installed on the flights of stairs down to the basement flats. This work was, they say, done by PML

Construction Ltd. and appears on the same invoice as the fire-stopping work referred to above (page 96). The cost was £1,300 plus VAT, making a total of £1,560.

41. At para 3.28 of the skeleton argument Mr. Tolson explained how this cost is recoverable under the terms of the lease, and the Tribunal accepted this. It was satisfied that the work was in fact carried out. Although the Respondent says that it was not done, he has failed to provide any evidence – such as a simple photograph – to show that that is the case. In the face of what appears to be a perfectly genuine invoice from a bona fide company – there is no suggestion that PML are not a genuine building contractor – there was insufficient evidence to enable the Tribunal to reach any other conclusion but that the work was done. It was also satisfied that it was reasonable to do that work and that the costs charged were reasonable. The Tribunal therefore concluded that the sum of £1,560 in respect of the installation of handrails to the stairs to the basement flats is reasonable and the Respondent's share is payable by him.

Communal Cleaning

42. A charge was made in the 2018 accounts for a total of £432 in respect of cleaning. The Respondent's comment was that the cleaning consisted of hoovering for an hour every 4 weeks and that the carpet is miserable and filthy (page 68). The only evidence to support this contention is the statement of Harmohan Puri at page 46 which repeats verbatim what she said in 2016 and says that the carpets are stained and dirty and that they have never seen any evidence of cleaning. No other evidence, such as photographic evidence of the state of the property, was provided.

43. The Applicant's case was that the cleaning undertaken at the premises consisted of a monthly attendance to hoover the carpets, wipe down the skirting and doors, polish the communal areas and remove larger marks from the walls of the property. Ms. Fey's evidence to the Tribunal was that cleaning also included dusting and cleaning glass in the doors. The areas cleaned were a hallway and two flights of stairs and landing areas all of which are carpeted. She estimated that it would take about an hour to do the cleaning on each occasion. She also explained that until August 2018 the cleaning was carried out by the managing agents and that thereafter it was done by a contractor JM2, though at the same price of £36 per month. This explained the two sets of invoices at pages 99 to 106 and 107 to 110. At paragraph 9 of her witness statement (page 5 of DOC092) Ms. Fey stated that she could confirm that the carpets were professionally cleaned on 16 August 2019 by JM2. This casts doubt on the content of Harmohan Puri's statement made in 2020 that the carpets were at that time stained and dirty and suggests, rather, that despite the date on it, the statement itself relates to the time that it was first made in 2016 and so has no relevance to these proceedings. In addition, there is no suggestion that JM2 are not a genuine contractor and so there is no reason to believe that there is no basis for the invoices they submitted for the period after August 2018. Even on his own account the Respondent seems to accept that an hour of cleaning is undertaken every 4 weeks.

44. The Tribunal was satisfied on the balance of probabilities that the cleaning described by Ms. Fey was being undertaken at the property. Whilst the cost is at the high end for an hour's cleaning a month the Tribunal was satisfied that the cost was within the bounds of what is reasonable. At para 3.35 of the skeleton argument Mr. Tolson explained how this cost is recoverable under the terms of the lease, and the Tribunal accepted this.

45. The Tribunal therefore concluded that the sum of £432 in respect of cleaning is reasonable and the Respondent's share is payable by him.

Gardening

46. A charge was made in the 2018 accounts for a total of £288 in respect of gardening. The Respondent's comment was that this was not done and that the garden was looked after by the tenants of the basement flat A (page 69). There was no further evidence provided in respect of the relevant period and, in particular, no evidence from the occupiers of flat A to support the Respondent's case.

47. Ms. Fey's evidence to the Tribunal was that gardening work was done in-house by the managing agents. The relevant invoices are at pages 112 to 119. The charge is £36 per month. She explained that the work was carried out monthly and the area covered was solely at the front of the property. (As there is a garden at the rear this may explain the Respondent's reference to the tenant of flat A). The work consisted of cutting back bushes and trees, removing weeds, picking up litter and general tidying. The work is done by the same person who was doing the cleaning when this was also done in-house. The work took about 45 minutes on each occasion.

48. In the absence of evidence to the contrary the Tribunal was satisfied on the balance of probabilities that in 2018 the gardening work was being undertaken as described by Ms. Fey. Whilst the rate charged is definitely at the high end for what is provided, the Tribunal was just satisfied that the cost was within the scope of what is reasonable. At para 3.40 of the skeleton argument Mr. Tolson explained how this cost is recoverable under the terms of the lease, and the Tribunal accepted this.

49. The Tribunal therefore concluded that the sum of £288 in respect of gardening is reasonable and the Respondent's share is payable by him.

Accountancy

50. Provision is made in the 2018 accounts for a charge of £330 for accountancy. The Respondent's comment is that this is a high charge (page 69). He has provided no evidence of any comparative quotes. The invoice is at page 124.

51. At para 3.44 of his skeleton argument Mr. Tolson explains why accountancy costs are recoverable and the Tribunal accepted this. Given the extent of the accounts in question the Tribunal was satisfied on the basis of its experience that the sum of £330 for their preparation was well within the scope of what is reasonable. It therefore concluded that the sum of £330 in respect of accountancy fees is reasonable and the Respondent's share is payable by him.

Budget Approval Fee

52. The costs for 2018 included an item of £60 described as a budget approval fee. The Respondent raised no actual case in respect of this charge but simply commented "*?*"(page 70).

53. The Applicant's case, as explained by Mr. Tolson, was that when the landlord's managing agents prepared the budget each year the landlord would then refer the budget to its own financial advisors for approval. These advisers are Pier Management Ltd. and their invoice is at page 123.

54. At para 3.47 of the skeleton argument Mr. Tolson explained how this cost is recoverable under the terms of the lease, and the Tribunal accepted this. It was satisfied that it was reasonable for the landlord to carry out this additional check, especially given the modest cost, which the Tribunal also considered to be reasonable. It therefore concluded that the sum of £60 in respect of the approval of the budget is reasonable and the Respondent's share is payable by him.

Out of Hours Emergency Fee

55. In 2018 a sum of £6 was charged for an out-of-hours emergency line. Again, the Respondent's only comment was a question mark (page 70).

56. This service is provided by the managing agents and an invoice is at page 125 which is for £5.78. The Applicant's case was that the managing agents who manage some 2,000 properties have established an out-of-hours emergency line which is charged at a rate of £10 per unit per year and that this service only commenced for this property in the course of 2018.

57. The Tribunal accepted that the provision of such a service is a proper and reasonable cost incurred in the running and management of the property and so is recoverable under the terms of the lease. It was satisfied that the cost was reasonable. The Tribunal therefore concluded that the sum of £6 in respect of the approval of the budget is reasonable and the Respondent's share is payable by him.

Administration

58. In 2018 a sum of £13 was charged under the heading of administration. Once again, the Respondent's only comment was a question mark (page 70).

59. The Applicant's case is that this was the cost of keys for the cleaners who were appointed after the managing agents ceased to do the cleaning in-house. The invoice is at page 127.

60. The Tribunal accepted that this was a reasonable charge incurred in the running and management of the property and so is recoverable under the terms of the lease. It was satisfied that the cost was reasonable. The Tribunal therefore concluded that the sum of £13 in respect of the provision of keys is reasonable and the Respondent's share is payable by him.

Conclusion – Service Charges

61. In view of what is set out above the Tribunal concluded that each and every item contained in the 2018 service charge accounts was reasonable and that, therefore, the Respondent's share of 1/8th of the total sum of £6,453 is payable by him. This amounts to £806.63.

Administration Charges

62. In addition to the service charges the Applicant sought a determination in respect of administration charges totalling £220. Mr. Tolson explained to the Tribunal that these were not legal costs – which the Tribunal had directed should be referred back to the County Court – but were the costs incurred by the Applicant's managing agents themselves in enforcing the covenants.

63. Mr. Tolson accepted that strictly speaking these administration charges – which are governed by Schedule 11 of the 2002 Act rather than the 1985 Act - were not before the Tribunal as the transfer from the County Court referred only to service charges. He nevertheless invited the Tribunal to consider the issues as regards the disputed administration charges and to make findings which, even if not strictly binding on the parties, would be important considerations for the County Court if and when the dispute returned there. The Tribunal agreed to do that.

64. The charges in question were as follows. Two late payment administration fees of £50 each charged in respect of a failure to pay the service charges and demanded on 18 July 2018 (page 139) and 14 August 2018 (page 138) and a charge of £120 demanded on 28 August 2018 in respect of referring the unpaid service charges to solicitors (page 137).

65. As pointed out by Mr. Tolson, the Respondent raised no issues in respect of these charges. The Tribunal was satisfied that administration costs incurred in pursuing unpaid service charges are payable by the Respondent by virtue of paragraph 9(a) of the Eighth Schedule of the lease (page 27) which allows for the recovery of proper costs incurred in the running and management of the property and in the enforcement of the covenants in the lease.

66. As Mr. Tolson explained in his skeleton argument at paragraphs 3.58 to 3.60 the Respondent's service charge account was in arrears and two reminders were sent to him before a charge was incurred. The Tribunal accepted that the charges were incurred in respect of the managing agents' costs in collating the relevant documents, sending the reminders and preparing instructions for their solicitors. It also accepted that the costs were well within the range of what is reasonable. It therefore concluded that the total sum of £220 in administration charges was also reasonable and payable by the Respondent.

67. There were no other applications before the Tribunal.

Name: Tribunal Judge S.J. Walker **Date:** 21 April 2021

ANNEX - RIGHTS OF APPEAL

- The Tribunal is required to set out rights of appeal against its decisions by virtue of the rule 36 (2)(c) of the Tribunal Procedure (First-tier Tribunal)(Property Chamber) Rules 2013 and these are set out below.

- If a party wishes to appeal against this decision to the Upper Tribunal (Lands Chamber) then a written application for permission must be made to the First-tier Tribunal at the Regional office which has been dealing with the case.

- The application for permission to appeal must arrive at the Regional office within 28 days after the Tribunal sends written reasons for the decision to the person making the application.

- If the application is not made within the 28-day time limit, such 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.

- The application for permission to appeal must identify the decision of the Tribunal to which it relates (i.e. give the date, the property and the case number), state the grounds of appeal, and state the result the party making the application is seeking.

Appendix of relevant legislation

Landlord and Tenant Act 1985 (as amended)

Section 18

(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.

Section 19

(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 provisions 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.

Section 27A

(1) An application may be made to the appropriate Tribunal for a determination whether a service charge is payable and, if it is, as to -
(a) the person by whom it is payable,
(b) the person to whom it is payable,
(c) the amount which is payable,
(d) the date at or by which it is payable, and
(e) the manner in which it is payable.

(2) Subsection (1) applies whether or not any payment has been made.

(3) An application may also be made to the appropriate Tribunal for a determination whether, if costs were incurred for services, repairs, maintenance, improvements, insurance or management of any specified description, a service charge would be payable for the costs and, if it would, as to -
(a) the person by whom it would be payable,
(b) the person to whom it would be payable,
(c) the amount which would be payable,
(d) the date at or by which it would be payable, and
(e) the manner in which it would be payable.

(4) No application under subsection (1) or (3) may be made in respect of a matter which -
(a) has been agreed or admitted by the tenant,
(b) has been, or is to be, referred to arbitration pursuant to a post-dispute arbitration agreement to which the tenant is a party,
(c) has been the subject of determination by a court, or
(d) has been the subject of determination by an arbitral Tribunal pursuant to a post-dispute arbitration agreement.

(5) But the tenant is not to be taken to have agreed or admitted any matter by reason only of having made any payment.

Section 20

(1) Where this section applies to any qualifying works or qualifying long term agreement, the relevant contributions of tenants are limited in accordance with subsection (6) or (7) (or both) unless the consultation requirements have been either—
  (a) complied with in relation to the works or agreement, or
  (b) dispensed with in relation to the works or agreement by (or on appeal from) the appropriate Tribunal .

(2) In this section "relevant contribution", in relation to a tenant and any works or agreement, is the amount which he may be required under the terms of his lease to contribute (by the payment of service charges) to relevant costs incurred on carrying out the works or under the agreement.

(3) This section applies to qualifying works if relevant costs incurred on carrying out the works exceed an appropriate amount.

(4) The Secretary of State may by regulations provide that this section applies to a qualifying long term agreement—
  (a) if relevant costs incurred under the agreement exceed an appropriate amount, or
  (b) if relevant costs incurred under the agreement during a period prescribed by the regulations exceed an appropriate amount.

(5) An appropriate amount is an amount set by regulations made by the Secretary of State; and the regulations may make provision for either or both of the following to be an appropriate amount—
  (a) an amount prescribed by, or determined in accordance with, the regulations, and
  (b) an amount which results in the relevant contribution of any one or more tenants being an amount prescribed by, or determined in accordance with, the regulations.

(6) Where an appropriate amount is set by virtue of paragraph (a) of subsection (5), the amount of the relevant costs incurred on carrying out the works or under the agreement which may be taken into account in determining the relevant contributions of tenants is limited to the appropriate amount.

(7) Where an appropriate amount is set by virtue of paragraph (b) of that subsection, the amount of the relevant contribution of the tenant, or each of the tenants, whose relevant contribution would otherwise exceed the amount prescribed by, or determined in accordance with, the regulations is limited to the amount so prescribed or determined.]

Section 20B

(1) If any of the relevant costs taken into account in determining the amount of any service charge were incurred more than 18 months before a demand for payment of the service charge is served on the tenant, then (subject to subsection (2)), the tenant shall not be liable to pay so much of the service charge as reflects the costs so incurred.

(2) Subsection (1) shall not apply if, within the period of 18 months beginning with the date when the relevant costs in question were incurred, the tenant was notified in writing that those costs had been incurred and that he would subsequently be required under the terms of his lease to contribute to them by the payment of a service charge.

Section 20C

(1) A tenant may make an application for an order that all or any of the costs incurred, or to be incurred, by the landlord in connection with proceedings before a court, residential property Tribunal or the Upper Tribunal, or in connection with arbitration proceedings, are not to be regarded as relevant costs to be taken into account in determining the amount of any service charge payable by the tenant or any other person or persons specified in the application.

(2) The application shall be made—
- (a) in the case of court proceedings, to the court before which the proceedings are taking place or, if the application is made after the proceedings are concluded, to a county court;
- (aa) in the case of proceedings before a residential property Tribunal, to that Tribunal;
- (b) in the case of proceedings before a residential property Tribunal, to the Tribunal before which the proceedings are taking place or, if the application is made after the proceedings are concluded, to any residential property Tribunal;
- (c) in the case of proceedings before the Upper Tribunal, to the Tribunal;
- (d) in the case of arbitration proceedings, to the arbitral Tribunal or, if the application is made after the proceedings are concluded, to a county court.

(3) The court or Tribunal to which the application is made may make such order on the application as it considers just and equitable in the circumstances.

Section 20ZA

(1) Where an application is made to the appropriate tribunal for a determination to dispense with all or any of the consultation requirements

in relation to any qualifying works or qualifying long term agreement, the tribunal may make the determination if satisfied that it is reasonable to dispense with the requirements.

(2) In section 20 and this section –
"qualifying works" means works on a building or any other premises, and
"qualifying long term agreement" means (subject to subsection (3) an agreement entered into, by or on behalf of the landlord or a superior landlord, for a term of more than twelve months.

(3) The Secretary of State may by regulations provide that an agreement is not a qualifying long term agreement –
(a) if it is an agreement of a description prescribed by the regulations, or
(b) in any circumstances so prescribed.

(4) In section 20 and this section "the consultation requirements" means requirements prescribed by regulations made by the Secretary of State.

(5) Regulations under subsection (4) may in particular include provision requiring the landlord
(a) to provide details of proposed works or agreements to tenants or the recognised tenants' association representing them,
(b) to obtain estimates for proposed works or agreements,
(c) to invite tenants or the recognised tenants' association to propose the names of persons from whom the landlord should try to obtain other estimates,
(d) to have regard to observations made by tenants or the recognised tenants' association in relation to proposed works or agreements and estimates, and
(e) to give reasons in prescribed circumstances for carrying out works or entering into agreements

(6) Regulations under section 20 or this section
(a) may make provision generally or only in relation to specific cases, and
(b) may make different provision for different purposes.

(7) Regulations under section 20 or this section shall be made by statutory instrument subject to annulment in pursuance of a resolution of either House of Parliament.

Commonhold and Leasehold Reform Act 2002

Schedule 11, paragraph 1

(1) In this Part of this Schedule "administration charge" means an amount payable by a tenant of a dwelling as part of or in addition to the rent which is payable, directly or indirectly—
  (a) for or in connection with the grant of approvals under his lease, or applications for such approvals,
  (b) for or in connection with the provision of information or documents by or on behalf of the landlord or a person who is party to his lease otherwise than as landlord or tenant,
  (c) in respect of a failure by the tenant to make a payment by the due date to the landlord or a person who is party to his lease otherwise than as landlord or tenant, or
  (d) in connection with a breach (or alleged breach) of a covenant or condition in his lease.

(2) But an amount payable by the tenant of a dwelling the rent of which is registered under Part 4 of the Rent Act 1977 (c. 42) is not an administration charge, unless the amount registered is entered as a variable amount in pursuance of section 71(4) of that Act.

(3) In this Part of this Schedule "variable administration charge" means an administration charge payable by a tenant which is neither—
  (a) specified in his lease, nor
  (b) calculated in accordance with a formula specified in his lease.

(4) An order amending sub-paragraph (1) may be made by the appropriate national authority.

Schedule 11, paragraph 2

A variable administration charge is payable only to the extent that the amount of the charge is reasonable.

Schedule 11, paragraph 5

(1) An application may be made to the appropriate Tribunal for a determination whether an administration charge is payable and, if it is, as to—
  (a) the person by whom it is payable,
  (b) the person to whom it is payable,
  (c) the amount which is payable,
  (d) the date at or by which it is payable, and
  (e) the manner in which it is payable.

(2) Sub-paragraph (1) applies whether or not any payment has been made.

(3) The jurisdiction conferred on the appropriate Tribunal in respect of any matter by virtue of sub-paragraph (1) is in addition to any jurisdiction of a court in respect of the matter.

(4) No application under sub-paragraph (1) may be made in respect of a matter which—
  (a) has been agreed or admitted by the tenant,
  (b) has been, or is to be, referred to arbitration pursuant to a post-dispute arbitration agreement to which the tenant is a party,
  (c) has been the subject of determination by a court, or
  (d) has been the subject of determination by an arbitral Tribunal pursuant to a post-dispute arbitration agreement.

(5) But the tenant is not to be taken to have agreed or admitted any matter by reason only of having made any payment.

(6) An agreement by the tenant of a dwelling (other than a post-dispute arbitration agreement) is void in so far as it purports to provide for a determination—
  (a) in a particular manner, or
  (b) on particular evidence,
  of any question which may be the subject matter of an application under sub-paragraph (1).

Schedule 11, paragraph 5A

5A(1)A tenant of a dwelling in England may apply to the relevant court or Tribunal for an order reducing or extinguishing the tenant's liability to pay a particular administration charge in respect of litigation costs.

(2)The relevant court or Tribunal may make whatever order on the application it considers to be just and equitable.

(3)In this paragraph—

(a)"litigation costs" means costs incurred, or to be incurred, by the landlord in connection with proceedings of a kind mentioned in the table, and

(b)"the relevant court or Tribunal" means the court or Tribunal mentioned in the table in relation to those proceedings.