FIRST - TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Case Reference:	CHI/00LC/LSC/2021/0092
Property:	48 Ringlet Road, St Mary's Island, Chatham, Kent ME4 3ET
Applicant:	Dr Michael Hugh Jones
Representative:	Himself
Respondent:	Countryside Maritime Limited
Representative:	J B Leitch Solicitors
Type of Application:	Section 27A and 20C of the Landlord and Tenant Act 1985 and Paragraph 5A of Schedule 11 Commonhold and Leasehold Reform Act 2002 (Liability to pay service charges) Tenant's application for the determination of reasonableness of service charges for the years 2015 to 2021.
Tribunal Members:	Judge A Cresswell
Date of Decision and venue of Hearing:	13 May 2022 on the Papers

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DECISION

The Application

1. This case arises out of the Applicant tenant's application, made on 8 October 2021, for the determination of liability to pay service charges for the years 2015 to 2021 inclusive.

Summary Decision

2. The Tribunal finds that it does not have jurisdiction to hear the application.
3. The Tribunal allows the Applicant's applications under Section 20c of the Landlord and Tenant Act 1985 and Paragraph 5A of Schedule 11 Commonhold and Leasehold Reform Act 2002, thus precluding the Respondent from recovering its cost in relation to the application by way of service charge or administration charge.

Inspection and Description of Property

4. The Tribunal did not inspect the property. The property in question is said to consist of a one-bedroom flat in a purpose-built block of flats.

Directions

5. Directions were issued on various dates. These directions provided for the matter to be heard on the basis of written representations only, without an oral hearing, under the provisions of Rule 31 of the Tribunal Procedure Rules 2013.
6. The Tribunal directed that the parties should submit specified documentation to the Tribunal for consideration.
7. This determination is made in the light of the documentation submitted in response to those directions.

Ownership and Management

8. The Respondent is the owner of the freehold. Holding and Management (Solitaire) Limited is the management company; the property is managed for it by FirstPort Property Services Limited.

The Lease

9. The Applicant holds the Flat known as 48 Ringlet Road under the terms of a lease dated 27 September 2002, which was made between Country Maritime Limited as lessor and Holding and Management (Solitaire) Limited as management company and Michael Hugh Jones and Barbara Ursula Vonau as lessees.

10. The construction of a lease is a matter of law and imposes no evidential burden on either party: (**(1) Redrow Regeneration (Barking) ltd (2) Barking Central Management Company (No2) ltd v (1) Ryan Edwards (2) Adewale Anibaba (3) Planimir Kostov Petkov (4) David Gill** [2012] UKUT 373 (LC)).

11. When considering the wording of the lease, the Tribunal adopts the guidance given to it by the Supreme Court:

> **Arnold v Britton and others** [2015] UKSC 36 Lord Neuberger:
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> 15. *When interpreting a written contract, the court is concerned to identify the intention of the parties by reference to "what a reasonable person having all the background knowledge which would have been available to the parties would have understood them to be using the language in the contract to mean", to quote Lord Hoffmann in Chartbrook Ltd v Persimmon Homes Ltd [2009] UKHL 38, [2009] 1 AC 1101, para 14. And it does so by focussing on the meaning of the relevant words, in this case clause 3(2) of each of the 25 leases, in their documentary, factual and commercial context. That meaning has to be assessed in the light of (i) the natural and ordinary meaning of the clause, (ii) any other relevant provisions of the lease, (iii) the overall purpose of the clause and the lease, (iv) the facts and circumstances known or assumed by the parties at the time that the document was executed, and (v) commercial common sense, but (vi) disregarding subjective evidence of any party's intentions. In this connection, see Prenn at pp 1384-1386 and Reardon Smith Line Ltd v Yngvar Hansen-Tangen (trading as HE Hansen-Tangen) [1976] 1 WLR 989, 995-997 per Lord Wilberforce, Bank of Credit and Commerce International SA (in liquidation) v Ali [2002] 1 AC 251, para 8, per Lord Bingham, and the survey of more recent authorities in Rainy Sky, per Lord Clarke at paras 21-30.*

12. The lease requires the payment of a service charge to the management company in advance in 2 equal half-yearly instalments with a balancing adjustment at the end of the year.

The Law

13. The relevant law is set out in sections 18, 19 and 27A of Landlord and Tenant Act 1985 as amended by Housing Act 1996 and Commonhold and Leasehold Reform Act 2002 and Schedule 11 Paragraph 5A Commonhold and Leasehold Reform Act 2002.

14. The Tribunal has the power to decide about all aspects of liability to pay service charges and can interpret the lease where necessary to resolve disputes or uncertainties. Service charges are sums of money that are payable – or would be payable - by a tenant to a landlord for the costs of services, repairs, maintenance or insurance or the landlord's costs of management, under the terms of the lease (s18 Landlord and Tenant Act 1985 "the 1985 Act"). The Tribunal can decide by whom, to whom, how much and when service charge is payable. A service charge is only payable insofar as it is reasonably incurred, or the works to which it related are of a reasonable standard. The Tribunal therefore also determines the reasonableness of the charges.

15. Under Section 20C and Schedule 11 Paragraph 5A Commonhold and Leasehold Reform Act 2002, a tenant may apply for an order that all or any of the costs incurred in connection with the proceedings before a Tribunal are not to be regarded as relevant costs to be taken into account in determining the amount of any service charge or administrative charge payable by the tenant specified in the application.

16. In reaching its Decision, the Tribunal also takes into account the Third Edition of the RICS Service Charge Residential Management Code ("the Code") approved by the Secretary for State under section 87 of the Leasehold Reform Housing and Urban Development Act 1993. The Code contains a number of provisions relating to variable service charges and their collection. It gives advice and directions to all landlords and their managing agents of residential leasehold property as to their duties. In accordance with the Approval of Code of Management Practice (Residential Management) (Service Charges) (England) Order 2009 *Failure to comply with any provision of an approved code does not of itself render any person liable to any proceedings, but in any proceedings, the codes of practice shall be admissible as evidence and any provision that appears to be relevant to any question arising in the proceedings is taken into account.*

17. The lessee is obliged to identify the costs which s/he disputes and to give reasons for his/her challenge. The landlord is expected to produce evidence which justifies the costs and answers the lessee's challenge. If the lessee succeeds in persuading the Tribunal that the costs should be reduced, the Tribunal will expect him/her to produce evidence of the amount by which the landlord's costs should be reduced. It is a key element of the section 27A determination process (**The Gateway (Leeds) Management Ltd v (1) Mrs Bahareh Naghash (2) Mr Iman Shamsizadeh** [2015] UKUT 0333 (LC)).
18. The relevant statute law is set out in the Annex below.

The Parties' Contentions

The Applicant

19. The Applicant complains of a lack of maintenance at the building, citing the main gates not being repaired over a period of 10 years, no gates for the dust bin storage units, external fittings and render not painted, lights not working, damaged car port ceiling, leaves not swept. The communal front entrance and stairway area of his flat has never been redecorated and looks grubby as does the floor area of the garage which is still not even lit at night because of broken light bulbs.
20. From the administration and communication point of view, important correspondence is frequently "lost" or simply remains unanswered. He has experienced his service charge payment cheques being "accidentally" destroyed and even more recently not paid in during the Covid epidemic resulting in his being charged huge penalties for non-payment and legal fees that he was unaware of because of lockdown restrictions preventing any visits to his flat. Frequently the tenants are reassured that FirstPort will revert back to them about their enquiries but all too often this never happens and the email trail of correspondence becomes ridiculously long and unmanageable as shown in his evidence. This is particularly frustrating when FirstPort repeatedly offer promises of help and improvement which never happens.
21. He has always paid service charges on time only withholding sums relating to a previous successful Tribunal claim.
22. FirstPort have admitted in writing that they have an obligation in terms of the lease to undertake repair and maintenance of the estate but continuously fail to do so.

23. Witness statements are provided by other occupiers at the property noting necessary repairs pointed out to FirstPort but not undertaken by them and the lack of communication from FirstPort.
24. No internal or external common area works have ever been done by or on behalf of the landlord save for some leaf removal and bush trimming since 2019.
25. The external decor is looking very shabby and needs urgent attention, the wooden cladding needs repainting, the sealer around all the windows is hanging off, the guttering is leaking at several points around the buildings.
26. There have been only one or two meetings with Ryan O'Reilly on behalf of the landlord since May 2019.
27. The above is set against very high service charge demands.
28. In its defence, the Respondent does not address the issues raised and itself raises spurious defences.
29. It is not true to say that the Applicant had not paid for service charges.

The Respondent

30. The Respondent says that the provision of servicing for the Lessee is conditional upon the Lessee having paid the Service Charge, Service Charge Adjustment and Additional Contribution due and conditional upon the Lessee not being in breach of any of their covenants contained in the Lease (Clauses 4, 4.1, 4.1.1 and 4.1.2).
31. The payment of monies due under the Lease (including Service Charge) is therefore a clear condition precedent to the provision of servicing thereunder.
32. The Service Charge consists of a sum comprising the expenditure estimated as likely to be incurred in the Service Charge Year for the purposes mentioned in Schedule 5, an appropriate amount as a reserve fund contribution and a reasonable sum to remunerate the Management Company for its administrative and management expenses (including a profit element) (Paragraphs 3, 3.1, 3.2 and 3.3 of Schedule 4).
33. The Application has not been brought against the correct party and is accordingly invalid. The Respondent is the freeholder and landlord; it is not the management company named in the Lease, with contractual responsibility for servicing and the demanding and collection of service charges.
34. The Respondent would also respectfully submit in that regard that it would be inappropriate to unilaterally substitute or add a party to correct the position. It is for the Applicant to ensure they bring their Application validly.

35. The Application is essentially a contractual claim for recovery of service charges paid under the Lease, on the basis that the Respondent has allegedly not provided the requite servicing and/or not provided servicing to the requisite standard. As such, it is subject to a 6 years limitation period (Section 5 of the Limitation Act 1980, which would also include a restitutionary claim for repayment of service charges (Parissis v Blair Court (St John's Wood) Management Ltd [2014] UKUT 503 (LC)).

36. Moreover, allowing a challenge beyond 6 years would be unconscionable in equity and contrary to the overriding objective of dealing with the matter fairly and reasonably. The management company is not obliged by any professional body/regulator to keep records beyond 6 years so there will be many documents that will be unavailable due to the excessive length of time the Applicant has unfairly waited before making his Application (over 10 years). The consequent prejudice that would be suffered by the Respondent/management company would be severe if such an extensive challenge were to be wrongly permitted.

37. It wasn't until the end of 2021/start of 2022, that (following referral to solicitors for recovery) the Applicant finally cleared his service charge account after essentially being in arrears for over a decade.

38. The Lease makes clear (as particularised herein above) that the Applicant cannot as a matter of contract, commence legal action for alleged breach of the Lease (i.e. essentially seeking to enforce the covenants pertaining to servicing, alleging breach thereof and in so doing seeking a reduction in these proceedings before the Tribunal) if the Applicant is in breach of the Lease at any of the material times to which these proceedings now relate.

39. The Applicant was in arrears of service charges at all material times. His service charge account was not cleared in any of the years to which the Application relates (2015 to 2021).

40. The Applicant had himself failed to comply with his obligations under the Lease to pay service charges, which was clearly a condition of servicing (a condition precedent) and indeed (on the wording of the Lease) a condition of being able to validly bring proceedings (such as these Tribunal proceedings) for an alleged failure to comply with servicing covenants. Accordingly, the Application is contractually prohibited and as a consequence would also be estopped in equity and as such should be dismissed/struck out summarily.

41. The Lease also indicates (per the above breakdown) the need for a written notice, specifying the alleged breach (which would need to be by reference to the terms of the Lease being alleged to have been breached and served upon the management company) and giving a reasonable period for remedy. There do not appear to have been any such notices served upon the management company named in the Lease, specifying alleged breaches as required by reference to the Lease and as such, the Applicant again cannot seek to enforce the terms of the Lease in alleging non-compliance before the Tribunal in seeking a reduction payment/credit to their service charge liability.

42. It is also submitted that the Application should be dismissed through the application of the doctrine of estoppel, specifically estoppel by convention, applying Admiralty Park Management Company Limited -v- Ojo [2016] UKUT 421 (LC), in which the leaseholder was "estopped by convention" as regards any challenge to the service charge proportion charged because, inter alia, a formal challenge/objection had not been raised previously despite there being opportunities to do so, it being held unfair to allow the leaseholder to raise an argument on the percentage discrepancy to seek to avoid or otherwise reduce his service charge liability, especially given that he failed to raise any formal challenge (for example via Tribunal or Court) for many years.

43. The Upper Tribunal Decision in Marlborough Park Services -v- Leitner [2018] UKUT 230 (LC) is also applicable; in that case the lessee had made a challenge in 2018 and sought to challenge the 2007 to 2012 service charge years as part of her challenge. It was held that the payment of the service charges being challenged, together with the lack of a formal challenge/protest at the time meant that the lessee had essentially agreed/accepted/admitted liability for payment so those periods should either (i) not be considered, (ii) be struck out from consideration and/or (iii) be deemed not to fall within the Tribunal's jurisdiction for consideration given that they are deemed "admitted" for the purposes of Section 27A of the Landlord and Tenant Act 1985.

44. Whilst the Applicant has certainly complained, he has not raised any formal challenge before the Court or Tribunal despite it being a constantly available option to him. He indicates he did so back in 2010 for that year and prior, which indicates that the Applicant was aware that applying to the Tribunal was an appropriate option available to him at all material times if he wanted to formally challenge the reasonableness of service charges for service charge years falling due after 2010. He

failed to do so until these proceedings, over 10-11 years later, an unreasonably lengthy and prejudicial period of time to wait.

45. It has been held that a tenant's agreement or admission which precludes a determination under Section 27A of the LTA 1985 may be implied or inferred from the making of a series of payments of service charges over a period without formal qualification or protest, particularly over a lengthy period (Cain v Islington Borough Council [2015] UKUT 542 (LC)).

46. By paying the service charges without formal qualification or protest since 2011 and for a period of over a decade (i.e. whilst there have been complaints, there has been no formal application/claim made to challenge reasonableness, despite a formal challenge being an available option to the Applicant at all material times), the Applicant has agreed or admitted liability for the service charges which are the subject of these proceedings, prohibiting further consideration/determination of the same. Moreover, the Applicant has not adduced any evidence to indicate that each payment made by him per his Statement of Account was made without prejudice to any Tribunal challenge he may wish to make or indeed under protest. The Application should accordingly be dismissed/struck out.

47. The burden of proving unreasonableness rests with the Applicant, as the Application is his to prove. That burden has not been discharged.

48. The Applicant has not provided any comparable quotations or similar.

49. The Applicant's submissions amount to a series of complaints about service charges being too high and services not being provided/provided to standard. Specific reference is made to gates repair, communal entrance inspection and external repair. However, further detail/explanation is not given, nor does the Applicant even set out the provisions of the Lease he alleges have been breached by the Respondent.

50. All service charge demands are properly based upon services properly delivered in accordance with the terms of the lease.

51. The Applicant's previous repeated failures to make payment (as, until recently, a serial non-payer of service charges for many years) prejudices the management company's ability to manage and maintain as aforesaid, to the detriment of the Applicant's own interest in terms of preserving the value of the Property. The Applicant then inappropriately uses the allegation of a lack of servicing to justify his non-payment and the matter essentially becomes cyclical in nature.

The Tribunal's Findings

52. The Tribunal notes that where, under the relevant lease, responsibility for providing services and collecting service charges falls upon a management company who is a party to that lease, the application should be brought against that management company and in most cases it would be inappropriate to join the landlord: see ***Barton v Accent Property Solutions Ltd*** LRX/22/2008:

"32. *It is clear that the obligation to provide services is imposed upon the management company. Graycliffe as landlord is under no obligation to become involved in the provision of services other than in the case of default by the management company and then only on the basis of specific conditions. There is no suggestion that Graycliffe have been asked to become involved in this way. For that reason, and also because Graycliffe took no part in the payment receipt of service charges, Graycliffe should not have been added as a respondent in the LVT proceedings*."

53. Here the lease has very similar terms to the lease in **Barton**, with the effect that the Tribunal can conclude only that it does not have jurisdiction to hear the application.

54. It would have been very helpful had the Respondent made this simple point clearer and earlier to the Tribunal so that time and expense could have been saved.

55. That is an end of the matter. The Applicant can now choose whether he wishes to bring proceedings against the management company, Holding and Management (Solitaire) Limited.

56. The Tribunal makes a small number of further comments, which do not affect its primary decision that it lacks jurisdiction to hear the application so far as it relates to this specific Respondent.

57. First of all, the application was poorly thought out and presented. There was no indication of which elements of the service charges demanded were challenged; nor were there comparative charges from other companies so as to show that particular elements were unreasonable in sum. If there was a challenge to the management fee, for example, then the Applicant needs to make that clear and make clear too why the sum is unreasonable.

58. The Respondent suggests that the matter should not be permitted to proceed under Section 27 because of the terms of the lease, but this is to ignore Section 27A(6) of the 1985 Act. The jurisdiction of the Tribunal may not be ousted by a prior agreement of the tenant and landlord. Save for an admission as to the liability of the service charge,

any agreement which purports to provide for the determination of any of the wide range of questions which may be answered by the Tribunal will be void to that extent.

59. The Respondent also suggests that the proceedings were time barred and appears to say that the claim relates to issues going back 10 years, whereas the application was based only on the years 2015 to 2021.

60. Under Section 19 Limitation Act 1980, *No action shall be brought, and the power conferred by section 72(1) of the Tribunals, Courts and Enforcement Act 2007 shall not be exercisable, to recover arrears of rent, or damages in respect of arrears of rent, after the expiration of six years from the date on which the arrears became due.*

61. Provisions of the Limitation Act 1980 restricting claims to a 6-year time limit do not apply to claims made by a tenant: (**Parississ v Blair Court (St Johns Wood) Management Ltd** (2014) UKUT 0503 (LC)).

62. In **Cain v Islington Borough Council** (2015) UKUT 0542 (LC), HH Judge N Gerald said:

33. With regard to the finding that the claim was statute barred because it was a claim for re-payment of service charge in respect of which a six-year limitation period applies, this, in my judgment, is misconceived. Section 8 of the Limitation Act 1980 provides as follows:

(1) An action upon a speciality shall not be brought after the expiration of 12 years from the date on which the cause of action accrued.

(2) Subsection (1) above shall not affect any action for which a shorter period of limitation is prescribed by any other provision of this Act."

Section 19 of the 1980 Act provides as follows:

> *"No action shall be brought, or distress made, to recover arrears of rent, or damages in respect of arrears of rent, after the expiration of 6 years before the date on which the arrears became due."*

34. The application to the F-tT is a claim for determination as to the reasonableness of the service charge made under section 27A of the 1985 Act. It is not a claim to recover rent or arrears or service charge (both brought by the landlord) or damages in respect thereof (brought by the tenant). If successful, it would result in a determination as to the reasonableness of the amounts claimed and nothing more.

63. The Upper Tribunal found in **Cain** that the Tribunal had been required to address the reasonableness of the amounts claimed, not whether the sums could be recovered. The limitation period was therefore 12 years pursuant to the Limitation Act 1980 s.8, not six years under s.19
64. The Tribunal has noted, in any event, that the service charge in the lease is not reserved as rent.
65. Accordingly, there is not a limitation as submitted by the Respondent.
66. The Respondent also said that the Applicant is taken to have agreed to the charges by reason of making part payments followed by full payment when threatened with legal action in default. They appear to want their cake and eat it here, because they also paint the Applicant as a serial non-payer. Their arguments as to waiver and estoppel do not appear to hold water because, on their own argument, the Applicant has always been in dispute about his duty to pay the service charges demanded of him.

Section 20c and Paragraph 5A Application

67. The Applicant has made an application under Section 20C Landlord and Tenant Act 1985 and Schedule 11 Paragraph 5A Commonhold and Leasehold Reform Act 2002 in respect of the Respondent's costs incurred in these proceedings.
68. The relevant law is detailed below:

Section 20C Landlord and Tenant Act 1985: Limitation of service charges: costs of proceedings

(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 … … leasehold valuation tribunal, ….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.

69. *The … tribunal to which the application is made may make such order on the application as it considers just and equitable in the circumstances.*

Commonhold and Leasehold Reform Act 2002 Schedule 11 Paragraph 5A Limitation of administration charges: costs of proceedings

(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.

Proceedings to which costs relate

First-tier Tribunal proceedings

"The relevant court or tribunal"

The First-tier Tribunal

Section 20C

70. The Tribunal first examines the lease to determine whether the Respondent is able to recover its costs via the Service Charge in accordance with the lease. The Tribunal has followed the guidance of the Upper Tribunal in **Geyfords Ltd v O'Sullivan, Grinter, Shaw, Morgan, Bonsor** [2015] UKUT 0683 (LC) and has interpreted the lease in accordance with the guidance of the Supreme Court in **Arnold v Britton and others** [2015] UKSC 36.

71. In **Sinclair Gardens Investments (Kensington) Limited v Avon Estates (London) Limited** [2016] UKUT 317 (LC), the Upper Tribunal refused to allow legal costs in the absence of clear words. There it was said that there is no need to construe service charge clauses restrictively. That said, '*it is reasonable to expect that, if the parties to a lease intend that the lessor shall be entitled to receive payment from the tenant in addition to the rent, that obligation and its extent will be clearly spelled out in the lease*': see ***Francis v Philips*** *[2014] EWCA Civ 1395* at [74]. The

court or tribunal should not therefore '*bring within the general words of a service charge clause anything which does not clearly belong there*.'

72. The Respondent has properly demonstrated that it has no responsibility for providing services and collecting service charges under the lease.

73. The Tribunal has concluded that there is no provision within the lease permitting the recovery by the Respondent landlord of its costs, so that the Respondent cannot recover all or any of the costs incurred, or to be incurred, by the landlord in connection with proceedings by way of a demand for service charge.

74. The Tribunal allows the application under Section 20C of the Landlord and Tenant Act 1985. It directs that the landlord's costs in relation to this application may not be regarded as relevant costs to be taken into account in determining the amount of the service charge for the current or any future year.

Paragraph 5A

75. For the same reasons the Tribunal allows the Applicant's application under Section 20C above, the Tribunal allows his application under Paragraph 5A, so that the costs incurred by the Respondent in connection with the proceedings before the Tribunal may not be regarded as relevant costs to be taken into account in determining the amount of any administration charge payable by the Applicant in this or any other year.

RIGHTS OF APPEAL

1. A person wishing to appeal this decision to the Upper Tribunal (Lands Chamber) must seek permission to do so by making written application by email to rpsouthern@justice.gov.uk to the First-tier Tribunal at the Regional office which has been dealing with the case.

2. The application must arrive at the Tribunal within 28 days after the Tribunal sends to the person making the application written reasons for the decision.

3. If the person wishing to appeal does not comply with the 28 day time limit, the person shall include with the application for permission to appeal a request for an extension of time and the reason for not complying with the 28 day time limit; the Tribunal will then decide whether to extend time or not to allow the application for permission to appeal to proceed.

4. The application for permission to appeal must identify the decision of the Tribunal to which it relates, state the grounds of appeal, and state the result the party making the application is seeking.

ANNEX

Landlord and Tenant Act 1985 as amended by Housing Act 1996 and Commonhold and Leasehold Reform Act 2002

18 Meaning of "service charge" and "relevant costs"

(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.

19 Limitation of service charges: reasonableness

(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 provision 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.

27A Liability to pay service charges: jurisdiction

(1) An application may be made to a leasehold valuation 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 a leasehold valuation 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 postdispute 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 of an application under subsection (1) or (3).
(7) The jurisdiction conferred on a leasehold valuation tribunal in respect of any matter by virtue of this section is in addition to any jurisdiction of a court in respect of the matter.