



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

**Case reference** : **LON/00AS/LSC/2022/0049**

**HMCTS code  
(paper, video,  
audio)** : **P: PAPERREMOTE**

**Property** : **Flat 4, 116 Pinner Road, Northwood,  
HA6 1BS**

**Applicants** : **(1) Geoff Pitthouse  
(2) Roselyne Pitthouse**

**Representative** : **N/A**

**Respondent** : **MM10 Investments Ltd (previously  
known as Sterling Rose Investments  
Ltd)**

**Representative** : **Sterling Estates Management**

**Type of application** : **For the determination of the liability to  
pay service charges under section 27A of  
the Landlord and Tenant Act 1985**

**Tribunal members** : **Judge Tagliavini**

**Venue** : **10 Alfred Place, London WC1E 7LR**

**Date of decision** : **15 December 2022**

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**DECISION**

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## **Decisions of the tribunal**

- A. A balancing charge of **£309.50** for the period 10/07/2020 -02/03/2021 is payable by the applicants.
  - B. A half-yearly service charge of **£202.50** for the period 25/03/2021 – 28/09/2021 is reasonable and payable by the applicants
  - C. A half-yearly service charge of **£202.50** for the period 29/09/2021 – 24/03/2022 is reasonable and payable by the applicants.
  - D. The tribunal makes an order under paragraph 5 of Schedule 11 of the Commonhold and Leasehold Act so that the respondent’s administrative or legal costs incurred in dealing with this application are added to the service charges.
  - E. No order is made for the reimbursement of any fees paid by the applicants.
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## **The application**

- 1. 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 Applicant in respect of the following service charges:
  - (i) 10/07/2020 -02/03/2021: Balancing charge of £872.10
  - (ii) 25/03/2021 – 28/09/2021: Service charges of £840.19
  - (iii) 29/09/2021 – 24/03/2022: Service charges of £840.19
- 2. The applicants seek the tribunal’s determination as to the reasonableness of these costs, in particular in relation to the nature of the works for which the charges are made, the contract price and the supervision and management fees.
- 3. The applicants also seek an order under paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002 (‘the 2002 Act’).and the reimbursement of the application/hearing fees.
- 4. In the application the applicants had raised issue of the payability and the amount of ground rent. However, these matters are not within the

jurisdiction of the tribunal and therefore are not subject to determination in this application.

### **The hearing**

5. An oral was not requested by either party and the application was determined on the papers which comprised a hearing bundle of 101 pages. The tribunal also considered some photographic evidence of the front garden and communal front entrance provided by the applicants.

### **The background**

2. The property which is the subject of this application is an end of terrace house converted into four self-contained flats. Flat 4 is situated on the first floor and loft floor area and shares a communal entrance door, hallway and staircase with Flat 3.
3. The Applicant holds a long lease of the property dated 26 February 2016 made between Sterling Rose Investments Limited and Geoffrey Pitthouse and Roselyne Pitthouse for a term of 125 years from and including 1 January 2016. The lease requires the landlord to provide services and the tenant to contribute towards their costs by way of a variable service charge. The specific provisions of the lease and will be referred to below, where appropriate.

### **The issues – the applicants’ case**

4. At the start of the hearing the parties identified the relevant issues for determination as follows:
  - (i) 10/07/2020 -02/03/2021: Balancing charge of £872.10
  - (ii) 25/03/2021 – 28/09/2021: Service charges of £840.19
  - (iii) 29/09/2021 – 24/03/2022: Service charges of £840.19
5. In their application and supporting evidence (including a ‘Scott’ Schedule) the applicants asserted the balancing charge of £872.10 for the period 10/07/2020 does not coincide with the period for the ground rent and covers a period for which they received ‘*a delayed notification that service charges were due to be demanded.*’
6. The applicants submitted they had not been notified of the requirement to pay service charges either at all or in advance of the demand i.e., estimated costs).

7. The applicants also asserted the service charges are too high, that no maintenance to the common parts including the front garden had been carried out at all despite complaints having been made.
8. The applicants also queried the percentage of service charge demanded at 30% stating they believed it should be divided equally among the four flats i.e., 25% per flat. The applicants also queried the notification and management of the service charges

### **The issues – the respondent’s case**

9. The respondent provided the tribunal with:
  - (i) Property Expenditure Accounts for the period 10 July 2020 – 24 March 2021 showing a total deficit of £2,906.99.
  - (ii) A Schedule of Expenditure for the period 10 July 2020 - 24 March 2021 showing nil figures against all items of expenditure including electricity, internal cleaning and reserve fund.
  - (iii) A Property Budget for 116 Pinner Road for the period 25/03/2021 to 24/03/2022 showing a budget total of £4,996.00.
  - (iv) Demands for payment dated 21/04/2021 demanding payment of services charges of £840.19 for the period 29/09/2021-24/03/2022 and a balancing charge of £872.10 for the period 10/07/2020-24/03/2021; a demand dated 20/09/2021 demanding payment of £840.19 for the period 29/09/2021-24/03/2022 (estimated service charges).
10. The respondent also relied upon a Statement of Case dated 27 June 2022. In this the respondent informed the tribunal the present managing agent Sterling Estates Management had been appointed with effect from 10 July 2020. The respondent drew attention to the clauses and schedules in the lease requiring the obligation of the landlord to provide services and the corresponding obligation of the tenants to contribute towards them in a ‘fair and reasonable’ proportion as determined by the landlord.
11. The service charge year ends on 24 March as determined by the landlord in accordance with the lease and no service charge had previously been demanded for the period ending 24/03/2021 by the landlord or on the landlord’s behalf.
12. Service charges are demanded on a half-yearly basis for service charge year commencing 25 March based on estimated charges provided to the lessees.

13. Due to non-payment of service charges the intended works were not able to be carried out by the landlord.
14. Flat 4 is the largest of the four flats in the building.
15. Estimated service charges for the period 25/03/24/03/2022 included management fees; accountancy fees; risk assessment and reviews; estate repairs and maintenance; buildings insurance; reserve fund; electricity and internal cleaning.

### **The tribunal's findings and decision**

16. The tribunal finds the following:
  - (i) The services charges/costs are payable as rent in accordance with clause 2.3 of the lease. The tribunal finds the payment period for the payment of rent including service charges is 25 March and 29 September in each year as defined in the AGREED TERMS at clause 1 and 1.1. of the lease.
  - (ii) Service charges are payable at the above dates in half-yearly instalments in respect of the estimated service charges.
  - (iii) Service costs (as defined in the lease) are payable in a fair and reasonable proportion determined by the landlord. Neither party gave details of the size of the four flats, other than the respondent referring to it as '*the largest flat.*' The tribunal takes into account the lease records the subject flat as being located on two floors and the absence of any evidence to the contrary, accepts the respondent's submission that Flat 4 is the largest flat. Therefore, the tribunal finds a 30% proportion of the service charges/costs in reasonable and payable by the applicants.
  - (iv) The tribunal finds the balancing charge of £872.10 for the period 10/07/2020 – 24/03/2021 has been demanded within the 18-month period of having been incurred and is payable by the applicants. It appears to the tribunal the respondent accepts that prior to Sterling Estates Management taking over the management of the subject building on 10 July 2021, service charges have not been demanded, despite provision having been made for them in the lease.
  - (v) The tribunal finds the lease makes no provision for the collection of a reserve fund and therefore disallows this charge for all periods in dispute.

- (v) The tribunal finds there are no supporting invoices in respect of service charges for the period 10/07/2020 – 24/03/2021 except for charges of £80 accountancy fees, electricity of £150 and insurance of £764.99 of which 30% is payable by the applicant i.e., £209.50
- (vi) The tribunal finds the lease makes express provision for the payment of managing agent’s fees; *see Interpretation clause and 1.1*. However, the tribunal finds the management fees of £318.60 demanded from the applicants for this period is excessive and unreasonable for the limited work carried out and the tribunal reduces this to £100.
- (vii) Therefore, the tribunal finds the total due from the applicants in respect of the balancing payment is **£309.50**.
- (vi) Similarly, the tribunal has not provided with any invoices to support any cleaning or maintenance having been carried out for the period 25/03/2021 – 24/03/2022 and makes a discount of £144 and £150 as above. The tribunal finds there is an obligation in the lease for the landlord to provide these services and the tribunal finds the respondent has not presented any evidence to show they either carried out these services or tried to implement them, as no quotes for cleaning, maintenance works or risk assessment costs were provided to the tribunal.
- (vi) The tribunal finds the fees of the managing agent are excessive and unreasonable for the period 25/03/2021 – 24/03/2022 in light of the lack of evidence to show the works carried out by them. Therefore, the tribunal reduces these fees to £150.
- (vii) The tribunal finds the reasonable service charges for the period 25/03/2021 – 24/03/22 are:

Buildings Insurance: £900

Accountancy fees: £150.00

Electricity: £150.00

Management Fees: £150.00

Total: £1,350 (of which the applicants 30% share is **£405.00 in two half-yearly payments of £202.50**).

### **Application under para. 5A of Schedule 11 and refund of fees**

18. Having heard considered the submissions from the parties and taking into account the determinations above, the tribunal finds it is appropriate to make an order under paragraph 5A of Schedule 11 of the 2002 Act so that none of the respondent's legal or administration costs in respect of this application are added to the service charges
19. However, as the applicants have had limited success on their application, the tribunal does not require the respondent to refund any fees paid by the applicants.

**Name:** Judge Tagliavini

**Date:** 15 December 2022

### **Rights of appeal**

By rule 36(2) of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013, the tribunal is required to notify the parties about any right of appeal they may have.

If a party wishes to appeal 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.

If the tribunal refuses to grant permission to appeal, a further application for permission may be made to the Upper Tribunal (Lands Chamber).