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Ref LON//00BD/OC9/2010/0017

**LEASEHOLD VALUATION TRIBUNAL FOR THE LONDON RENT  
ASSESSMENT PANEL**

**DECISION OF THE LEASEHOLD VALUATION TRIBUNAL ON APPLICATION  
UNDER SECTION 60 OF THE LEASEHOLD REFORM, HOUSING AND  
URBAN DEVELOPMENT ACT 1993**

**Applicants** (1) Dr Earl Royland Lancaster (Flat 1) and  
other leaseholders of Poplar Court  
Richmond Road Twickenham

**Respondent:** Cliftvylie Properties Limited

**Re:** Flats 1,2,3,7,8,9,12,16,17,18,20,21,21,24  
Poplar Court Richmond Road Twickenham  
TW1\

**Date of Tenants' Notices:** 9<sup>th</sup> July 2009

**Date of Counter Notice:** 17<sup>th</sup> September 2009

**Application Date:** 7<sup>th</sup> April 2010

**Members of the Leasehold Valuation Tribunal:**

Mr P L Leighton LLB(Hons)

Mr W J Reed FRICS

**Date of Tribunal's decision:** 2nd July 2010

## **1.0 Introduction**

- 1.1 By an application dated 6 April 2010 the Applicants, who are leaseholders of a block of flats known as Poplar Court, Richmond Road Twickenham ("the property") applied to the Tribunal for a determination as to their liability for costs arising out of 14 applications for lease extensions under Section 42 of the Leasehold Reform Housing and Urban Development Act 1993. The landlords of the property are Cityville Properties Limited represented by Messrs Wallace LLP solicitors.
- 1.2. Each of the 14 leaseholders who made the applications for lease extensions held on leases for a term of 125 years from 29 September 1968.. The lease extension notices were served on 9 July 2009 with over 84 years unexpired on each of the leases.
- 1.3 Following a valuation carried out by the Respondent's valuer premiums were agreed in each of the cases without the necessity for a hearing for the Tribunal. The premiums agreed ranged from £5535-£6945 per flat..
- 1.3. The reason why there is a slight variation in the premiums is referable to the fact that there was slight differences in the internal layout and location of the flats but it is asserted that there were no unusual legal or factual issues between the parties involved in the proceedings
- 1.4. At the time when the notices were issued in July 2009 the Applicants solicitors indicated that they would be dealing with each of the applications collectively so that the fees could be divided among the Applicants in order to keep costs to a minimum. In doing so they clearly expected a saving of costs based on all matters being dealt with together..
- 1.5 After the matter had been compromised the solicitors for the Respondent wrote on 1st March 2010 indicating that their fees would be in the region of £1000 plus VAT for each of the 14 flats. . The valuer's fees were agreed between the parties at £295 plus VAT for each flat. ... The solicitors for the Applicants challenged the items claimed by the Respondent's solicitors for legal charges and since they were unwilling to reduce the charges an

application was made to the Tribunal on 6 April 2010 under section 60 of the Act to determine the charges.

1.6 The Applicants' solicitors challenge the Respondent bill on the grounds that it is excessive, and that the time spent and charged for by the Respondent's solicitors is excessive, although they are prepared to accept that the work was required to be undertaken by a senior member of staff or partner and have conceded an hourly rate of £325

1.7. The principal issue therefore is whether the legal costs charged by the Respondents' solicitors are reasonable and in particular whether any or any particular allowance should have been made for the fact that the 14 applications were being dealt with collectively, that they were of a fairly straightforward character and should have resulted in economies of scale.

## 2.0 The Law

2.1 Section 60 of the Act provides as follows: -

*"Where a notice is given under Section 42 then (subject to the provisions of this section) the tenant by whom it is given shall be liable to the extent that they had been incurred by any relevant person in pursuance of the notice for the reasonable costs of and incidental to any of the following:-*

*(a) any investigation reasonably undertaken of the tenant's right to a new lease*

*(b) any valuation of the tenant's flat obtained for the purpose of fixing the premium or any other amount payable by virtue of Schedule 13 in connection with the grant of a new lease under Section 56*

*(c) the grant of a new lease under that section*

Apart from the above provisions no costs are payable by the tenant in seeking an extension to the lease. . Any costs claimed by the landlord, therefore must be shown to fall within one of the above heads

2.2 the application of principle in these cases has been considered by Professor Farrand in **Daejan Properties Ltd -v- Parkside 78 LON ENF**

with The Respondent has claimed one hour in respect of each notice amounting to £4550

- 3.4 On 20<sup>th</sup> July 2010 a partner in Wallace LLP wrote a series of identical letters to each of the Applicants for which a charge of £455 was made being for 1.4 hours in total at the rate of £325
- 3.5 A charge was made for deducing title and obtaining Land Registry searches by a trainee in the sum of £1232 which is challenged by the Applicants' solicitors on the ground that they provided the office copies themselves by 3<sup>rd</sup> August 2010 following a request by the solicitors on 20<sup>th</sup> July 2009.
- 3.6 With regard to the drawing up of the leases a charge of £2450 is made in respect of all the leases. The Applicants' solicitors claim that one hour is reasonable for the first lease and 0.2 hours for the subsequent leases which would give a total of £1,170
- 3.7 The amount charged for the counter notices on 17<sup>th</sup> September 2009 is 15.4 hours at £325 per hour resulting in a charge of £5005 which the Applicants' solicitors state is grossly excessive and should be reduced to £1592.50 being 4.9 hours work

#### **4.0 The Tribunal's Decision**

- 4.1 The Tribunal approaches the case on the basis that the work in question is specialised, and that the rates of £325 per hour for Ms Bone and £350 per hour for Mr Martin Otvos, although high, are not unreasonably so. Accordingly the hourly rate to be charged by each will be upheld
- 4.2 The Tribunal also considered the suggestion that the work is such that an experienced solicitor should be able to perform it more quickly than a less experienced solicitor. Whilst it may be correct to find that each notice and lease must be considered separately the circumstances of this case would suggest that there is considerable overlap in the work concerned and that when dealing with the preparation of standard leases and standard notices it may be reasonable to allow the full rate on the first application but that it

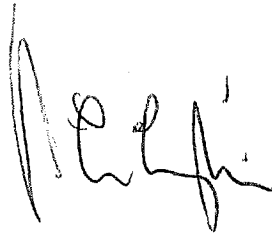
would be reasonable for that rate to be discounted on the subsequent cases. Wallace's costs in this case have been charged on the basis that that they would charge if they were dealing with 14 different applications in 14 different buildings and the Tribunal does not consider that a landlord paying the costs himself would consider that reasonable.

- 4.3 Although the purchasers' solicitors provided the office copies promptly the Tribunal accepts that the landlord's solicitors are entitled to obtain them immediately so as to be able to instruct the valuer in order to meet the strict deadline contained in the notice. The Land Registry fees of £342 and the trainee's time at £336 are therefore allowed in full - a total of £678.00.
- 4.4 The Tribunal proposes to allow the following amounts in relation to the time charged for the other matters stated above. For considering the initial notices the Tribunal considers that one hour is reasonable for consideration of the first notice and will allow half an hour for each of the following 13 notices amount to 7.5 hours in total resulting in a figure of £2437.50, or £174 for each lessee.
- 4.5 For the three letters written on 20 July the Tribunal proposes to allow 45 minutes for each letter instead of the 1.4 hours claimed at the rate of £325 per hour. The total sum allowed therefore amounts to £243.75 for each letter, a total of £731.25 for the three letters, or £52.23 for each lessee.
- 4.6 As stated above, the Land Registry fees and the trainee's costs are allowed in the sum of £678, as claimed.
- 4.7 With regard to the draft leases the Tribunal proposes to allow 6 hours for the preparation of the 14 leases most of which will be identical at the rate of £350 per hour making a total figure of £2100, or £150.00 for each lessee.
- 4.8 The Tribunal has considered carefully whether in the light of Lady Wilson's comments it should disallow the whole of the costs of the counter notice. It recognises however that this view is controversial and that in many cases the costs of a counter notice have been allowed. It considers however that the amount claimed for 15.4 hours is excessive and that a reasonable figure to be allowed would be the same as that allowed for the consideration of the initial

notices, that is 7.5 hours at £325 per hour, a total of £2437.50 or £174 for each lessee

4.9 The Tribunal proposes therefore to allow the remainder of the legal costs as claimed, and taking account of the reductions made, the final figure payable is £823.22 for each lessee, excluding VAT, Land Registry and valuer's fees. .

Chairman Peter Leighton  
Date 2nd July 2010

A handwritten signature in black ink, appearing to read 'Peter Leighton', written in a cursive style.