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

Case Reference : LON/00BK/LSC/2014/0336

Property : Flat 5 Lancaster House, 237 Sussex Gardens, London W2 3UD

Applicant : Lancaster House (Sussex Gardens) Ltd

Representative : William Heath & Co
Mr G Williams - Counsel

In attendance : Miss A Booth- Managing Agent of
JMW Barnard Management
Limited
Miss S Farrell – Counsel’s Assistant

Respondent : Abdulaazir Fahad Alfulaj
Bashar Abdulaazir Alfulaj
Fahad Abdulaazir Alfulaj

Representative : A2 Solicitors
Mr A Adebayo – Solicitor
Mr A Alanizy

Type of Application : For the determination of the
reasonableness of and the liability
to pay a service charge

Tribunal Members : Ms Haria – Judge
Mr Gowman – Professional
member

**Date and venue of
Hearing** : 10 Alfred Place, London WC1E 7LR

Date of Decision : 19 January 2015

DECISION

Decisions of the tribunal

- (1) The tribunal makes the determinations as set out under the various headings in this Decision and the attached Schedule.

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 service charge years ending 31 December 2008, 2009, 2010, 2011, 2012, 2013 and the estimated service charge for the year ending 31 December 2014. The total amount of arrears in dispute is £18,786.47.
2. The relevant legal provisions are set out in the Appendix to this decision.

The hearing

3. The hearing took place on the 23 and 24 October 2014 at Alfred Place London. The Applicant was represented at the hearing by Mr Williams of Counsel and Ms Booth, the Managing Agent. The Respondents were represented by Mr Adebayo a Solicitor of A2 Solicitors and Mr Alanizy.
4. Immediately prior to the hearing Counsel submitted his skeleton argument. The start of the hearing was delayed by about 15 minutes while the Respondent's representatives and the tribunal considered this new document.

The background

5. The property which is the subject of this application is a spacious 4 or 5 bedroom flat occupying the entire third floor of the 237- 9 Sussex Gardens. The property forms part of a period stucco fronted building known as Lancaster House. Lancaster House is situated at 237-9 Sussex Gardens and comprises two adjoining townhouses which have been converted into 10 flats. Access to the property is via the street door at No.237. The street door at No.239 serves the ground floor flat at 239 only. Lancaster House is located adjacent to Lancaster Gate tube station just off Bayswater Road and close to Hyde Park.

6. Photographs of Lancaster House were provided in the hearing bundle [244]. The tribunal did not consider that an inspection was necessary, nor would it have been proportionate to the issues in dispute.
7. The Applicant holds the head leasehold interest in Lancaster House. Each flat in Lancaster House has an equal share in Applicant company and so the Respondents have a 10% share in the Applicant company.
8. The Applicant has no income apart from the ground rent payable by the Leaseholders. The Applicant under its Headlease is liable to pay the ground rent to the freeholder. The Applicant has no assets although there is a leaseholder's reserve which as at 2013 was around £40,000.
9. Paragraphs 9 to 13 of Ms Booth's witness statement is not disputed and sets out the background to the dispute and the reasons why the Applicant has made this Application for a determination of the service charges for the period from 2008 to 2014.

The issues

10. At the start of the hearing the parties identified the relevant issues for determination. The parties confirmed that the amount of £18,711.47 is in dispute and comprises the sums shown on the statement of account dated 19/6/2014 [118 -119] plus a balancing charge of £55.88. The sum in dispute equates to just over 2 years' service charge.
11. The Respondents challenged the reasonableness and payability of all the service charges and so a determination is sought in respect of the service charges from 2008 to 2014. As a result the Applicant seeks a determination of all the service charges for the period from 2008 to 2014.
12. The specific amounts disputed and the parties comments are set out in the Schedule attached to this decision.
13. During the course of the first day of the hearing Mr Adebayo raised a new issue that had not previously been raised in connection with these proceedings. He claimed that the service charge demands failed to comply with the requirements of Section 47 of the Landlord and Tenant Act 1987 as the demands did not contain the name and address of the landlord. Mr Williams objected to the issue being raised at the hearing but agreed to take instructions on the matter overnight. At the start of the second day of the hearing Mr Williams produced a letter dated 9 January 2014 from William Heath & Co Solicitors to the Respondents. Mr Williams submitted that the letter of the 9 January 2014 constitutes a service charge demand, it gives the name and address of the landlord, provides a statement of the amount demanded and encloses a copy of

the tenant's rights and obligations. The letter of the 9 January 2014 states as follows:

"We act for you landlord under your Lease of the above property, namely Lancaster House Sussex Gardens Limited whose address (namely its registered office) is c/o Keith Vaudrey & Co, First Floor, 15 Young Street London W8 5EH and whose address for service of notices (including notices in proceedings) is c/o JMW Barnard Management, 101 Kensington High Street, London, W8 6SH. This information is given pursuant to the provisions of Section 47 and 48 Landlord and Tenant Act 1987.

Please accept this letter as a formal demand for service charges and ground rent due from you under your Lease as at the 25 December 2013 amounting to £14,388.38 calculated in accordance with the "debtor history report annexed hereto.

We are treating the various payments made by you over the years as being applicable first of all to ground rent and then to service charge. You will see from the debtor history report that you last made a payment on the 10 April 2013.... The balance of our Client's claim therefore relates to service charge and we enclose a document "Service Charges – Summary of tenant's Rights & Obligations."

14. Mr Adebayo submitted that the letter of 9 January 2014 was not sufficient to comply with Section 47 and 48 Landlord and Tenant Act 1987 and that each of the service charge demands should have been reserved with the name and address of the Landlord. He submitted that the service charge demands had to be in a particular form and the letter of the 9 January was not sufficient. He stated that the matter was raised at the County Court in defence to proceedings in 2013 and as a result the Applicant withdrew their claim and served the letter of the 9 January. Mr Adebayo submitted that the letter of the 9 January was not a demand and he stated that it was unclear what the sum of £14,388.38 related to.
15. Mr Williams clarified that the sum outstanding is as detailed in the debtor history attached to the letter of the 9 January and is also detailed in the email dated 23 June 2014 [114]. The email also sets out the amounts due and the gives the name and address of the landlord for the purpose of Section 47 and 48 Landlord and Tenant Act 1987.
16. The Applicant relied on Ms Booth's witness statement and her oral evidence as well as the submissions of Mr Williams of Counsel. The Respondents relied on the witness statement of Mr Alanizy and his oral evidence as well as submissions from Mr Adebayo.

17. Having heard evidence and submissions from the parties and considered all of the documents provided, the tribunal has made determinations on the various issues as follows.

Section 47 and 48 Landlord and Tenant Act 1987

18. Section 47(1) provides as follows:

“(1) Where any written demand is given to a tenant of premises to which this part applies, the demand must contain the following information, namely

- (a) the name and address of the landlord, and
- (b) if that address is not in England and Wales, an address in England and Wales at which notices (including notices in proceedings) may be served on the landlord by the tenant.”

Subsection (4) provides that in this section “demand” means a demand for rent or other sums payable to the landlord under the terms of the tenancy (including, therefore, a service charge).

Under subsection (2) where any demand for a service charge does not contain the information required by subsection (1) the amount demanded is to be treated as not being due from the tenant at any time before the information is furnished to him.

19. Prior to the hearing the matter had not been raised in relation to these proceedings by the Respondents, save for a reference Mr Adebayo’s letter of 29 September 2014 [133] stating that the service charge demands had not been served “...in the appropriate format ...since February 2014...”. It is not clear in what respect the service charge demands are not in “...the appropriate format..”, but the issue raised is in relation to demands served since February 2014, whereas in this case we are considering demands from the period 2008 to 2014. On the basis of the directions issued in this matter, it would seem that the issue was not raised at the case management hearing on the 15 July 2014. Presumably if the issue had been raised the directions would have made provision for copies of the service charge demands to be produced. The tribunal appreciated Mr William’s efforts to try to produce some evidence of the demands but given the lack of notice in relation to the issue the Applicant cannot be criticised for not producing the service charge demands.
20. The tribunal is mindful of the guidance offered by George Bartlett QC in the case of Beitov Properties Limited v Elliston Bentley Martin [2012] UKUT 133 (LC) in which he stated that “...it is generally inappropriate for a tribunal to take on behalf of one side in what is a party and party dispute a purely technical point, by which I mean a point that does not go to the merits or justice of the case. Here there is

nothing to suggest that the tenant wished to know the address of the landlord or was concerned that the address given in the demands might not be the right one or that he was prejudiced in any way by not knowing the address. The LVT said that if the landlord were now to serve a demand that gave the address required by section 47 the service charges would be payable. No purpose will in the circumstances have been served in imposing on the landlord the need to deal with the issue raised, to serve a fresh demand and, quite possibly, to take further proceedings for recovery”.

21. In this case the matter was raised by Mr Adebayo at the hearing and as such the burden of proof is on the Respondents. The Respondents have produced no evidence in support. The Respondents have not claimed that they did not receive any service charge demands and so they should have been in a position to produce copies to the tribunal. The tribunal is unable to make a determination on the matter without copies of the service charge demands that Mr Adebayo claims fail to comply with Section 47 and 48 Landlord and Tenant Act 1987.
22. The purpose of section 47 and 48 is to inform the tenant of the name and address of the landlord. The letter of the 9 January 2014 and the email of the 23 June 2014 provide this information. The tribunal finds that the letter of the 9 January and the email of the 24 June are service charge demands and furthermore the tribunal finds that they comply with the requirements of Section 47 and 48 Landlord and Tenant Act 1987.

The Lease

23. The Lease is dated 30 June 1976 and made between the Applicant (1) and Anthony Roger Mellows (2) and London Law Developments Limited (3) (“the Lease”) [142 -165]. 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.
24. The Lease was varied by a Deed of Variation dated 17 January 1978 [164] to include a specific covenant on the part of the landlord to maintain the lift subject to the payment by the lessee of the Maintenance Contribution and the Lift Contribution.
25. Clause 1(n) defines the “Maintenance Contribution” as a sum equal to 15.94% of the annual maintenance provision for the whole of the Building and Clause 1(o) defines the “Lift Contribution” as a sum equal to 20.94% of the aggregate annual provision for the maintenance, repair and replacement of the lift in the Building. Under Clause 5 of the Lease the “Maintenance Contribution” and the Lift Contribution” are payable on the usual quarter days. The fourth Schedule sets out the mechanism for the collection of the Maintenance Contribution and

provides for the payment of the estimated service charge on the usual quarter days and a balancing charge or balancing credit once the actual Maintenance Contribution is known.

Service Charge Contributions

26. Although the Lease provides that the lessees Maintenance Contribution is 15.94% and the Lift Contribution is 20.94%. The parties accept that as the total service charge payable by all the lessees amounted to more than 100% and so the Applicant agreed to reduce the actual service charge pro rata so that a total of 100% of the service charge is recovered. Accordingly, the Respondents service charge contribution was reduced so that the Maintenance Contribution is 14.08% and the Lift Contribution is 17.86%.

Gas

27. The Respondents challenged the amount charged for gas as they considered it to be too high. The Respondents did not produce any comparable evidence or quotes to support their view. Mr Alanizy had sought to rely on copies of service charge demands relating to two other properties which he manages [171 & 172] but he accepted that they cannot be relied upon as a comparables as they do not provide a breakdown of the charges. The Respondent submitted that it is “..absurd and unreasonable for the landlord to be controlling their heatingThey are lessees of a flat worth well over £1 million and it is unreasonable for their heating to be controlled by someone else”. The Respondent claims that the heating is sometime left on by the landlord in the middle of the summer and as a result the Respondents find it unbearable to stay in their own flat. Mr Alanizy gave an account of a visit to the property around the 20-21st June 2014 when he found the radiators were on. He stated that he informed Mr Saba who said that there was an old man in the flat and he needed the heating.
28. Lancaster House has a communal heating and hot water system and the gas is used for the central heating and hot water. The Respondents are required to contribute 14.08% of the total cost of the heating and hot water. Ms Booth stated that gas is required all year for the supply of hot water. In relation to the central heating she stated that it is turned on between the months of October to April and if Mr Saba thinks it necessary due to exceptional weather then it may be turned on or off outside of these months. Ms Booth confirmed that they obtain competitive quotes for gas on an annual basis. She referred to a note produced by one of her colleagues [228] which states that when they receive the renewal terms, they phone to get a better rate followed with comparisons from other suppliers. They then go back to the supplier and renegotiate in order to obtain an improved rate. If the original supplier fails to provide a better rate they change suppliers. The note

sets out the gas contracts history for Lancaster House for the period from 2009 to 2014.

29. Ms Booth drew attention to the accounts for two other properties which she considers to be comparable to the property [173 & 175]. She stated that the accounts for Clifton Garden Management Limited [175] relates to a period stucco fronted building similar to Lancaster House and has 8 flats in the building. The accounts at [173] relate to a property which is larger than Lancaster House as it has 13 flats and has a chiller system so has more plant machinery than Lancaster House.

The tribunal's decision

30. Please refer to the attached schedule.

Reasons for the tribunal's decision

31. The tribunal must make a decision on the evidence before it assessing the evidence on a balance of probabilities. On the evidence, the tribunal finds the sum charged for the gas to be reasonable. The Applicant has produced accounts of two comparable buildings and these show the charges for gas at Lancaster House are within the normal range for a building of this type.
32. The Respondents purchased the property with a communal heating and hot water system and it is not reasonable for the Respondent to refuse to contribute to the costs of the provision of gas on the basis that they do not consider it to be suitable for a property valued at over £1 million. The Respondents have produced no evidence to support their claim that the charge for gas is too high.
33. The Applicant tests the market annually and obtains competitive prices for the gas supply. The accounts show that in all years the gas bills are less in the summer months compared to the rest of the year and this is consistent with the explanation given by Ms Booth that the gas for the heating is on between the months of October to April. The Respondents do not live at the property throughout the year and so cannot give an accurate account as to the periods during which the heating is switched on or off. Although Mr Alanizy gave an account of one occasion when he found the radiators on in the month of June, as he does not live at the property and only visits from time to time, this may have been an exceptional occurrence.

Insurance

34. Mr Adebayo submitted that Lancaster House was over insured, he referred to clause 7(v) of the Lease which requires the Lessor to insure the building "....for a sum not less than the full replacement

value...including loss of two years rent all architects' surveyors' and other fees..."[152]. He submitted that the Lease did not allow for insuring the building for a sum in excess of its rebuilding cost. He stated that a property that is valued at £10 million will cost far less to rebuild. In relation to the provision in the Lease for the insurance to include loss of two years rent Mr Adebayo submitted that this was a reference to loss of ground rent which he calculated to be £6000 for the whole building and he submitted that it did not justify insuring the building significantly over and above its value. He stated the Renewal Schedule [241] for the period 1 June 2013 to 31 May 2014 showed a premium of £11,591.92 was charged, when the Building Sum insured was £15,609,153.00 even though the Building Declared Value was the lower sum of £10,406,102.00. He compared it to the Renewal Schedule for the period 31 January 2014 to 31 May 2014 [242] which showed the Building Sum insured had been reduced to £10,830,000.00 and the Building Declared Value was £7,222,000.00 which resulted in the return of £1,351.61 of the premium paid. He also referred to the Renewal summary of cover for the following period 1st June 2014 to 31 May 2015 [243] where the Buildings Declared Value had been reduced yet again and to £7,400,500, and the Building Sum Insured is £11,100,750 with a premium of £8,490.92. He stated that the premium of £8,490.92 was the lowest premium in the last 8 years and this reduction validates the Respondents position that Lancaster House had been over insured and the premiums were unreasonable. Mr Adebayo queried how even with fluctuations in building costs the Building Declared Value went from around £9 million in 2009 to around £7 million in 2014. He stated that the country was in recession in 2008 and so he could not understand how the rebuilding costs in 2008 could be higher than in 2014.

35. Ms Booth relied on her witness statement and the copy emails [238, 248 and 248A] from Nick Mace of Clear Group, the insurance broker, which explains the basis on which Lancaster House was insured. She stated that Lancaster House is valued every 3 to 4 years for insurance purposes. Ms Booth referred to the latest valuation a copy of which was produced [244- 246]. This recommended that Lancaster House is insured for a total sum of £7,220,000.00. She referred to the email of the 9 June 2009 from Nick Mace [238] which explains that the Buildings sum Insured has been reviewed and amended in line with the report provided by Marshall Land & Property Associates LLP, the email also recommends placing the insurance with Aviva not only as the premium quoted was the lowest but because of the cover and terms afforded. Ms Booth confirmed that the insurance has been placed with Aviva since 2009. She explained that as the service charge is payable quarterly they have a financing arrangement with Close Group whereby in return for the payment of a charge of 5% of the insurance costs the premium can be paid in 10 monthly instalments as opposed to one lump sum. The email of the 8 September 2014 from Nick Mace [248A] explains that the ".....building sum insured has been based on the reinstatement value as advised by PCS Project Consultant..... the

policy is a “package” and automatically includes 30% of the buildings sum insured for loss of rent and/or alternative accommodation on a 36 months indemnity period.....if this was to be reduced there would be no refund allowable...the last market exercise was carried out in 2012 and no competitive alternative was obtained ...it is considered normal market practice to review commercial products every three years...”. The email of the 6 October 2014 from Nick Mace [248B] explains the concept of reinstatement basis of insurance cover and why this is different to the rebuilding costs.

The tribunal’s decision

36. Please refer to the attached schedule.

Reasons for the tribunal’s decision

37. The tribunal accepted the explanation set out in the email dated 6 October 2014 from Nick Mace [248B & 248C] which explained the difference between the Buildings sum insured and the Declared value in relation to the insurance. The tribunal considered it reasonable to undertake a revaluation of the building for insurance purposes every 3 to 4 years. The tribunal noted the fluctuations in the Building Declared Value and Buildings Sum Insured as shown below:

Year	Building Declared Value £	Buildings sum Insured £
2009/10	9,361,839	12,638,483
2013/14	10,406,102	15,609,153
2014/15	7,400,500	11,100,750

38. Although there was no explanation for the fluctuations in the Building Declared Value and Buildings Sum Insured, the tribunal accepts that the figures were based on insurance valuations of Lancaster House. The tribunal finds the managing agent acted reasonably as the evidence shows the managing agent arranged for Lancaster House to be valued for insurance purposes on a regular basis and engaged an insurance broker to obtain competitive quotes for the insurance and placed the insurance in accordance with the advice of the insurance broker. The Respondents did not put forward any evidence to show otherwise.

Lift Repairs

39. The Respondents contend that the cost of the lift repairs are unreasonable as the lift is obsolete and it is more than 40 years old, it is faulty and does not stop on the 3rd floor. The Respondents contend that the lift should have been replaced long ago, and it has gone past its life span and requires expensive maintenance.

40. Mr Adebayo referred to the comparable property put forward by the Applicant [175] and questioned why the lift maintenance costs for that property were only £1,771.13 in 2014 and £2,125.25 in 2013. Whereas in 2010 the lift maintenance costs for this property was £6033.00 which was the highest it has been. He stated that the lift maintenance costs for the property in 2011 was £3153, in 2012 it was £4838, in 2013 it was £3750 and in 2014 it was £4000.
41. Ms Booth explained that there is a lift maintenance contract in place and produced a copy of the latest contract [252-253]. The contract is for a comprehensive service level and includes 12 visits per annum but excludes misuse, vandalism, obsolescence, failure outside the contractor's control, it covers most call outs but out of hours call outs are subject to a separate charge. She stated that the lift serves all four floors. A copy of the call outs and worksheets for the period from 01/01/13 to 10/09/14 was produced [255 -266]. Ms Booth admitted that from time to time there are problems with the lift but stated that unless they are notified of the problems there is nothing that they can do. She stated that they were first made aware the lift not stopping on the third floor in June 2014, she produced a copy of an email [267] which details the action taken and confirmed that the lift was fixed and is now stopping on all floors. Ms Booth admits the lift is old and other companies are not interested in quoting for the work and will not cover the lift under a comprehensive agreement, she referred to an email from Mr Staras of Pip lifts in support [249].

The tribunal's decision

42. Please refer to the attached schedule.

Reasons for the tribunal's decision

43. The Applicant accepts that the lift is old. It may be cheaper to maintain a more modern lift but until the lift in Lancaster House is replaced the Applicant is obliged under the terms of the Lease to maintain the existing lift. The Applicant produced a copy of the maintenance agreement. The tribunal considers it to be good management practice and reasonable to have such an agreement in place. The evidence shows the lift company responds swiftly to reports of problems. The report of periodic thorough examination of the lift [272 -273] must under section 5 highlight any defects which give rise to danger and it is notable that there were no such defects noted in the report dated 20 August 2014. This shows that although the lift may be old it is in a safe condition. The Respondents had put forward no evidence to show that the charges were unreasonable.

Boiler Repairs

44. Ms Booth stated that A&G Heating Contractors had maintained the boiler since 2007, she referred to the letter dated 5 September 2014 from the contractor which explains the maintenance history of the boilers. She confirmed that Section 20 consultation procedure was complied with in relation to the various boiler works and as A&G Heating Contractors always provided the most competitive quote they were chosen to do the work.
45. The Respondents are of the view that the amount spent on the boiler repairs and maintenance is excessive, and submitted that if a boiler costs £3000 to repair perhaps it is better to replace the boiler. It was accepted that the Applicant had invoices in support of the boiler repairs but the Respondents are of the view that it would be more cost effective to replace the old boilers than to continue maintaining 40 year old boilers. Mr Adebayo stated that the fact the building has 3 boilers had only just come to light, and the Respondents had not been aware of this previously.

The tribunal's decision

46. Please refer to the schedule attached.

Reasons for the tribunal's decision

47. The Respondents may consider it more cost effective to replace the boiler but they have produced no evidence in support such as quotes or an experts report providing a cost benefit analysis. There are three boilers in Lancaster House which provide a communal heating and hot water to the building. Under the planned preventative maintenance contract there are four planned scheduled visits each year and all boiler repairs are supported by invoices produced by the Applicant. On the basis of this information and on the basis of the information contained in the letter of the 5 September 2014 from A&G Heating Contractors the tribunal considers the costs for the boiler repairs to be reasonable.

Insurance claim fees

48. In 2008 a fee of £1,435.57 was charged by Gordon & Co. Ms Booth explained that this was a one off charge in addition to the management fee of £6805 in 2008. The Respondents are of the view that a charge for dealing with insurance claims in addition to the management fee is not justified. The Applicant produced a copy of the invoice [310].

The tribunal's decision

49. The tribunal does not consider the sum reasonable.

Reasons for the tribunal's decision

50. The tribunal considered the cost of dealing with the insurance claim should have been part and parcel of the cost of managing the building. Although the Respondent has not challenged the management fee, and the tribunal had not seen a copy of the management agreement, the tribunal considered a management fee of £6805 in 2008 to be on the high side and considered that such a fee ought to include the cost of dealing with insurance claims. Accordingly the tribunal does not find the charge of £1,435.57 to be reasonable.

The yearly service charge

51. The Respondents made a general challenge in respect of the annual service charges on the basis that the charges were high.

The tribunal's decision

52. Save for the additional fee charged for the insurance claim in 2008, the tribunal finds the overall service charges to be reasonable.

Reasons for the tribunal's decision

53. The Respondents challenged the service charge and claim they are excessive but they have produced no comparable evidence in support. The annual service charges are on the high side however upon scrutinising a large number of the individual components of the service charge the tribunal found the amounts charged to be reasonable. Lancaster House is a period stucco fronted building located adjacent to Lancaster Gate tube station just off Bayswater Road and close to Hyde Park. It is in a well sought after area of London. It has the benefit of a communal heating and hot water system and a lift. On the evidence the tribunal finds that the amount payable in respect of the annual service charges to be within the normal parameters for a property of this type in this location and accordingly finds the annual service charges to be reasonable.

Estimated Service Charges S/C Year Ended: 2014

54. The Respondents made a general challenge to the estimated service charge for the year ending 2014 and contend that the amount is unreasonably high. Ms Booth confirmed in her witness statement that the budget for 2014 is the same as the budget for 2013, namely £64,300.00. The actual service charge for 2013 is shown in the 2013 Accounts was £63,752.00. The budget is an estimate.

The tribunal's decision

55. The tribunal finds the estimated service charge for 2014 to be reasonable.

Reasons for the tribunal's decision

56. The tribunal accepted the explanation given by Ms Booth in relation to the estimated service charge. The Respondents had challenged the amount without giving any reasons for their view that the amount was unreasonably high. It is normal practice to base estimated service charges on previous year's actual service charges. Budgets should be prepared on a professional assessment of the likely costs. The tribunal considers the previous year's service charge is a good starting point from which to set the coming year's estimated service charge. The budget should provide for any unusual expenditure anticipated in the coming year that the managing agent or landlord may be aware of and in addition it is better to estimate prudently and include a contingency sum. This determination relates only to the estimated service charge and does not prevent the Respondent challenging the actual service charges in the future.

Name: N Haria

Date: 19.01.2015

SCHEDULE

DISPUTED SERVICE CHARGES S/C YEAR ENDED: 2008

Case Reference : LON/ooBK/LSC/2014/0336	Premises : Flat 5 Lancaster House, 237 Sussex Gardens, London W2 3UD
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	ITEM	COST	TENANT'S COMMENTS	LANDLORD'S COMMENTS	TRIBUNAL DECISION
1.	Gas	£8,027	<p>The amount is unreasonably high.</p> <p>The lessees believe that this amount is too high for gas used for heating only (the lessees have a gas meter in their flat for the cooker only). If at all this amount is expended, this is due to the landlord's fault as the gas is centrally controlled by the landlord and they leave the heating on all summer such that the Lessees' apartment is unbearably hot in the summer. The Lessees cannot be made liable to pay for high gas bill which is as a result of the landlord's fault.</p>	<p>(i) Gas covers central heating and hot water.</p> <p>(ii) Competitive quotes obtained annually.</p> <p>(iii) Central heating only on between October and April.</p>	<p>The cost is reasonable and the Respondents are liable for 14.08% of the total being £1130.20.</p>
2.	Insurance	£12,060	<p>The amount is unreasonably high.</p> <p>The building insurance cost is too high more so as the building should be insured for the rebuild costs only. The Lessee wants the quotes obtained from other insurance providers.</p>	<p>(i) Lease provides for loss of rent cover.</p> <p>(ii) Last quote in 2012 attached.</p>	<p>The cost is reasonable and the Respondents are liable for 14.08% of the total being £1698.05.</p>
3.	Lift Repairs	£2,347	<p>The Lift has always been faulty as it does not stop on the 3rd floor where the lessees' flat is situate. The</p>	<p>(i) Lift stops on all floors.</p> <p>(ii) Faults are</p>	<p>The cost is reasonable and the Respondents are liable for</p>

			<p>lessees take the lift to the 2nd floor and then climb the stairs to their floor. The lessees doubts if the lift is ever repaired and challenges the landlord to prove that the lift is repaired annually as claimed.</p> <p>2. In any event, payment is made for lift insurance and the lessees are unclear why the insurance does not cover the repairs.</p>	<p>rectified when reported.</p> <p>Lift insurance does not cover repairs to lift but damage caused by lift.</p>	<p>17.86% of the total being £419.17.</p>
4.	Boiler repairs	£3,168	<p>The amount is unreasonably high.</p> <p>The amount spent is unreasonably high. The lessees demand the invoice for this expense.</p>	<p>(i) Cash book listing all bills attached.</p> <p>(ii) Copy bills of over £500 attached.</p>	<p>The cost is reasonable and the Respondents are liable for 14.08% of the total being £446.05.</p>
5.	Entry Phone	£1,450	<p>The lessees are disputing this expense in its entirety. Entry phone is a one-off expenditure that do not require annual maintenance. The landlord should confirm the nature of the repairs done and provide invoices and receipts.</p>	<p>Entry phone rental covers maintenance which is needed.</p>	<p>Amount accepted by Respondent</p>
6.	Pest Control	£1,063	<p>The lessees are unaware of any pest control services provided in the building and challenge the landlord to confirm where the pest control service is provided. Landlord to also provide invoices and receipts.</p>	<p>Rentokil treat basement vaults every 6/7 weeks.</p>	<p>Amount accepted by Respondent</p>
7.	Repairs and Maintenance	£9,975	<p>This is vague and ambiguous. The landlord should set out</p>	<p>(i) See cashbook.</p> <p>(ii) Invoices for</p>	<p>Amount accepted by Respondent</p>

			the repairs and maintenance that were carried out in the property. The lessees are disputing this in its entirety.	over £500 attached.	
8.	Insurance claim fees	£1,436	This is equally vague and ambiguous. Landlord should confirm what insurance claim was made and to whom fees was paid as insurance has already been paid to the insurer.	Charge by Gordon & Co for dealing with insurance claims made in 2008.	This amount is not reasonable and is not payable by the Respondents
9.	Health & Safety	£2,045	Lessees are disputing this and put the landlord to the strictest proof thereof.	See cashbook and invoices.	Amount accepted by Respondents
10.	Other legal and professional fees	£14,494	This is vague and ambiguous. The landlord should set out <ol style="list-style-type: none"> 1. To whom legal fees was paid and what legal services was provided. 2. Provide Solicitor's bill(s). 3. Details of the other professional services along with the nature of services provided and bill(s). 	(i) See cashbook. (ii) Bills over £500 attached.	Amount accepted by Respondents
11.	The yearly Service Charge Amount	£9,204.12	The Lessees state that the yearly service charge amount is unreasonably high for the services provided as the property does not have a concierge and its lift is erratic. 2. Similar properties in the area with concierge service and functioning lift charge a significantly less service charge.	Service charge competitive Accounts for 2013 for similar block attached.	The tribunal considers the sum to be reasonable.
12.			The landlord should kindly provide to the lessees'	All bills for payment over	

			solicitors invoices and receipts for the items mentioned above.	£500 attached.	
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SCHEDULE

DISPUTED SERVICE CHARGES S/C YEAR ENDED: 2009

Case Reference : LON/ooBK/LSC/2014/0336	Premises : Flat 5 Lancaster House, 237 Sussex Gardens, London W2 3UD
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	ITEM	COST	TENANT'S COMMENTS	LANDLORD'S COMMENTS	TRIBUNAL DECISION
1.	Gas	£11,402	<p>2. The amount is unreasonably high.</p> <p>The lessees believe that this amount is too high for gas used for heating only (the lessees have a gas meter in their flat for the cooker only). If at all this amount is expended, this is due to the landlord's fault as the gas is centrally controlled by the landlord and they leave the heating on all summer such that the Lessees' apartment is unbearably hot in the summer. The Lessees cannot be made liable to pay for high gas bill which is as a result of the landlord's fault.</p>	See 2008 (point 1)	The cost is reasonable and the Respondents are liable for 14.08% of the total being £1,605.40
2.	Electricity	£2,281	<p>The amount is unreasonably high.</p> <p>This amount is a significant increase from the previous year and the landlord should explain the reason for the disproportionate increase. The electricity is only for the common area which is the hall way only and the amount spent is wholly unreasonable. Landlord to</p>	<p>(i) 2008 unduly low.</p> <p>(ii) Electricity also covers lift, boiler and plant room.</p>	Amount accepted by Respondent

			provide receipts		
3.	Insurance	£13,088	<p>The amount is unreasonably high.</p> <p>The building insurance cost is too high more so as the building should be insured for the rebuild costs only . The Lessee wants the quotes obtained from other insurance providers.</p>	See 2008 (point 2)	The cost is reasonable and the Respondents are liable for 14.08% of the total being £1842.79
4.	Lift Repairs	£3,738	<p>The Lift has always been faulty as it does not stop on the 3rd floor where the lessees' flat is situate. The lessees take the lift to the 2nd floor and then climb the stairs to their floor. The lessees doubts if the lift is ever repaired and challenges the landlord to prove that the lift is repaired annually as claimed.</p>	See 2008 (point 3)	The cost is reasonable and the Respondents are liable for 17.86% of the total being £667.61
5.	Boiler Repairs	£10,348	<p>The amount is unreasonably high.</p> <p>This amount is a significant increase from the previous year and the landlord should explain the reason for the disproportionate increase. The lessees demand the invoice for this expense.</p>	See 2008 (point 4)	The cost is reasonable and the Respondents are liable for 14.08% of the total being £1457
6.	Entry Phone	£739	The lessees are disputing this expense in its entirety.	See 2008 (point 5)	Amount accepted by Respondent

			Entry phone is a one-off expenditure that does not require annual maintenance. The landlord should confirm the nature of the repairs done and provide invoices.		
7.	Pest Control	£1,083	The lessees are unaware of any pest control services provided in the building and challenge the landlord to confirm where the pest control service is provided. Landlord to also provide invoices and receipts.	See 2008 (point 6)	Amount accepted by Respondent-challenge abandoned.
8.	Health & Safety	£1,488	Lessees are disputing this and put the landlord to the strictest proof thereof.	See 2008 (point 9)	Amount accepted by Respondents
9.	Other legal and professional fees	£3,217	This is vague and ambiguous. The landlord should set out <ul style="list-style-type: none"> 1. To whom legal fees was paid and what legal services was provided. 2. Provide Solicitor's bill(s). 3. Details of the other professional services along with the nature of services provided and bill(s). 	See 2008 (point 10)	Amount accepted by Respondents
11.	The yearly Service Charge Amount	£9,204.12	The Lessees state that the yearly service charge amount is unreasonably high for the services provided as the property does not have a concierge and its lift is erratic. <ul style="list-style-type: none"> 2. Similar properties in the area with concierge service 	See 2008 (point 11)	The tribunal finds this to be reasonable.

			and functioning lift charge a significantly less service charge.		
12.			The landlord should kindly provide to the lessees' solicitors invoices and receipts for the items mentioned above.	See 2008 (point 12)	

SCHEDULE

DISPUTED SERVICE CHARGES S/C YEAR ENDED: 2010

Case Reference : LON/00BK/LSC/2014/0336	Premises : Flat 5 Lancaster House, 237 Sussex Gardens, London W2 3UD
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	ITEM	COST	TENANT'S COMMENTS	LANDLORD'S COMMENTS	TRIBUNAL DECISION
1.	Gas	£9,572	<p>The amount is unreasonably high.</p> <p>The lessees believe that this amount is too high for gas used for heating only (the lessees have a gas meter in their flat for the cooker only). If at all this amount is expended, this is due to the landlord's fault as the gas is centrally controlled by the landlord and they leave the heating on all summer such that the Lessees' apartment is unbearably hot in the summer. The Lessees cannot be made liable to pay for high gas bill which is as a result of the landlord's fault.</p>	As 2009	The cost is reasonable and the Respondents are liable for 14.08% of the total being £1347.74
2.	Electricity	£2,160	2. The amount is unreasonably high.	As 2009	Amount accepted by Respondent-

			<p>This amount is a significant increase from the previous year and the landlord should explain the reason for the disproportionate increase. The electricity is only for the common area which is the hall way only and the amount spent is wholly unreasonable. Landlord to provide receipts</p>		challenge abandoned.
3.	Insurance	£10,932	<p>The amount is unreasonably high.</p> <p>The building insurance cost is too high more so as the building should be insured for the rebuild costs only. The Lessee wants the quotes obtained from other insurance providers.</p>	As 2009.	The cost is reasonable and the Respondents are liable for 14.08% of the total being £1539.23.
4.	Lift Repairs	£6,033	<p>The Lift has always been faulty as it does not stop on the 3rd floor where the lessees' flat is situate. The lessees take the lift to the 2nd floor and then climb the stairs to their floor. The lessees doubts if the lift is ever repaired and challenges the landlord to prove that the lift is repaired annually as claimed.</p>	As 2009.	The cost is reasonable and the Respondents are liable for 17.86% of the total being £1077.49.
5.	Boiler Repairs	£3,523	<p>The amount is unreasonably high.</p> <p>This amount is a significant increase from the previous year and the landlord should explain the reason for the disproportionate increase. The lessees demand the</p>	As 2009.	The cost is reasonable and the Respondents are liable for 14.08% of the total being £496.04.

			invoice for this expense.		
6.	Entry Phone	£2,496	The lessees are disputing this expense in its entirety. Entry phone is a one-off expenditure that does not require annual maintenance. The landlord should confirm the nature of the repairs done and provide invoices and receipts	As 2009.	Amount accepted by Respondent
7.	Pest Control	£1,160	The lessees are unaware of any pest control services provided in the building and challenge the landlord to confirm where the pest control service is provided. Landlord to also provide invoices and receipts.	As 2009.	Amount accepted by Respondent
8.	Repairs and Maintenance	£6,765	This is vague and ambiguous. The landlord should set out the repairs and maintenance that were carried out in the property. The lessees are disputing this in its entirety.	As 2009.	The cost is reasonable and the Respondents are liable for 14.08% of the total being £952.51.
9.	Refurbishment costs	£1,410	This is vague and ambiguous. The landlord should set out the refurbishment carried out on the property. The lessees are disputing this in its entirety.	As 2009.	Amount accepted by Respondents as invoices produced.
10.	Health & Safety	£11,594	This amount is unreasonably high. This amount is a significant increase from the previous year and the landlord should explain the reason for the disproportionate increase.	As 2009.	Amount accepted by Respondents

			Lessees are disputing this and put the landlord to the strictest proof thereof.		
11.	Other legal and professional fees	£2,163	<p>This is vague and ambiguous. The landlord should set out:-</p> <ol style="list-style-type: none"> 1. To whom legal fees was paid and what legal services was provided. 2. Provide Solicitor's bill(s). 3. Details of the other professional services along with the nature of services provided and bill(s). 	<p>This is a <u>credit</u> figure.</p> <p>As 2009.</p>	Amount accepted by Respondents.
12.	The yearly Service Charge amount	£9,204.12	<p>The Lessees state that the yearly service charge amount is unreasonably high for the services provided as the property does not have a concierge and its lift is erratic.</p> <p>2. Similar properties in the area with concierge service and functioning lift charge a significantly less service charge.</p>	As 2009.	The tribunal finds this to be reasonable.
13.			The landlord should kindly provide to the lessees' solicitors invoices and receipts for the items mentioned above.	As 2009.	

SCHEDULE

DISPUTED SERVICE CHARGES S/C YEAR ENDED: 2011

Case Reference : LON/ooBK/LSC/2014/0336	Premises : Flat 5 Lancaster House, 237 Sussex Gardens, London W2 3UD
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	ITEM	COST	TENANT'S COMMENTS	LANDLORD'S COMMENTS	TRIBUNAL DECISION
1.	Gas	£13,602	<p>The amount is unreasonably high.</p> <p>The lessees believe that this amount is too high for gas used for heating only (the lessees have a gas meter in their flat for the cooker only). If at all this amount is expended, this is due to the landlord's fault as the gas is centrally controlled by the landlord and they leave the heating on all summer such that the Lessees' apartment is unbearably hot in the summer. The Lessees cannot be made liable to pay for high gas bill which is as a result of the landlord's fault.</p>	As 2009.	The cost is reasonable and the Respondents are liable for 14.08% of the total being £1915.16.
2.	Electricity	£2,052	<p>The amount is unreasonably high.</p> <p>This amount is a significant increase from the previous year and the landlord should explain the reason for the disproportionate increase. The electricity is only for the common area which is the hall</p>	As 2009.	Amount accepted by Respondent- challenge abandoned.

			way only and the amount spent is wholly unreasonable. Landlord to provide receipts.		
3.	Insurance	£10,815	<p>The amount is unreasonably high.</p> <p>The building insurance cost is too high more so as the building should be insured for the rebuild costs only. The Lessee wants the quotes obtained from other insurance providers.</p>	As 2009.	The cost is reasonable and the Respondents are liable for 14.08% of the total being £1522.75.
4.	Lift Repairs	£3,153	The Lift has always been faulty as it does not stop on the 3rd floor where the lessees' flat is situate. The lessees take the lift to the 2nd floor and then climb the stairs to their floor. The lessees doubts if the lift is ever repaired and challenges the landlord to prove that the lift is repaired annually as claimed.	As 2009.	The cost is reasonable and the Respondents are liable for 17.86% of the total being £563.13.
5.	Boiler Repairs	£7,831	<p>The amount is unreasonably high.</p> <p>This amount is a significant increase from the previous year and the landlord should explain the reason for the disproportionate increase. The lessees demand the invoice for this expense.</p>	As 2009.	The cost is reasonable and the Respondents are liable for 14.08% of the total being £1102.60.
6.	Entry Phone	£1,665	The lessees are disputing this expense in its	As 2009.	Amount accepted by Respondents

			entirety. Entry phone is a one-off expenditure that does not require annual maintenance. The landlord should confirm the nature of the repairs done and provide invoices and receipts.		
7.	Pest Control	£1,243	The lessees are unaware of any pest control services provided in the building and challenge the landlord to confirm where the pest control service is provided. Landlord to also provide invoices and receipts.	As 2009.	Amount accepted by Respondents
8.	Repairs and Maintenance	£1,390	This is vague and ambiguous. The landlord should set out the repairs and maintenance that were carried out in the property. The lessees are disputing this in its entirety.	(i) See cashbook. (ii) Invoices for over £500 attached.	Amount accepted by Respondents
9.	Health & Safety	£1,035	2. This amount is unreasonably high. Lessees are disputing this and put the landlord to the strictest proof thereof.	As 2009.	Amount accepted by Respondents
10.	Other legal and professional fees	£1,374	This is vague and ambiguous. The landlord should set out: 1. To whom legal fees was paid and what legal services was provided. 2. Provide Solicitor's bill(s). 3. Details of the other professional services along with the nature of	As 2009.	Amount accepted by Respondents

			services provided and bill(s).		
11.	The yearly Service Charge Amount	£9,204.12	<p>The Lessees state that the yearly service charge amount is unreasonably high for the services provided as the property does not have a concierge and its lift is erratic.</p> <p>2. Similar properties in the area with concierge service and functioning lift charge a significantly less service charge.</p>	As 2009.	The tribunal finds this to be reasonable.
12.			The landlord should kindly provide to the lessees' solicitors invoices and receipts for the items mentioned above.	As 2009.	

SCHEDULE

DISPUTED SERVICE CHARGES S/C YEAR ENDED: 2012

Case Reference : LON/ooBK/LSC/2014/0336	Premises : Flat 5 Lancaster House, 237 Sussex Gardens, London W2 3UD
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	ITEM	COST	TENANT'S COMMENTS	LANDLORD'S COMMENTS	TRIBUNAL DECISION
1.	Gas	£12,500	<p>The amount is unreasonably high.</p> <p>The lessees believe that this amount is too high for gas used for heating only (the lessees have a gas meter in their flat for the cooker only). If at all this amount is expended, this is due to the landlord's fault as the gas is centrally controlled by the landlord and they leave the heating on all summer such that the Lessees' apartment is unbearably hot in the summer. The Lessees cannot be made liable to pay for high gas bill which is as a result of the landlord's fault.</p>	As 2009.	The cost is reasonable and the Respondents are liable for 14.08% of the total being £1760.
2.	Electricity	£2,363	<p>The amount is unreasonably high.</p> <p>This amount is a significant increase from the previous year and the landlord should explain the reason for the disproportionate increase. The electricity is only for the common area which is the hall way only and the amount spent is</p>	As 2009.	The Respondents abandoned the challenge

			wholly unreasonable. Landlord to provide receipts.		
3.	Insurance	£11,238	The amount is unreasonably high. The building insurance cost is too high more so as the building should be insured for the rebuild costs only . The Lessee wants the quotes obtained from other insurance providers.	As 2009.	The cost is reasonable and the Respondents are liable for 14.08% of the total being £1582.31.
4.	Lift Repairs	£4,838	The Lift has always been faulty as it does not stop on the 3rd floor where the lessees' flat is situate. The lessees take the lift to the 2nd floor and then climb the stairs to their floor. The lessees doubts if the lift is ever repaired and challenges the landlord to prove that the lift is repaired annually as claimed. In any event, payment is made for lift insurance and the lessees are unclear why the insurance does not cover the repairs.	As 2009.	The cost is reasonable and the Respondents are liable for 17.86% of the total being £864.07.
5.	Entry Phone	£854	The lessees are disputing this expense in its entirety. Entry phone is a one-off expenditure that does not require annual maintenance. The landlord should confirm the nature of the repairs done and provide invoices and receipts.	As 2009.	Amount accepted by Respondents

6.	Pest Control	£1,083	The lessees are unaware of any pest control services provided in the building and challenge the landlord to confirm where the pest control service is provided. Landlord to also provide invoices and receipts.	As 2009	The Respondents abandoned the challenge
7.	Repairs and Maintenance	£2,631	This is vague and ambiguous. The landlord should set out the repairs and maintenance that were carried out in the property. The lessees are disputing this in its entirety.	(i) See cashbook. (ii) Bills over £500 attached.	Amount accepted by Respondents.
8.	Health & Safety	£3,981	This amount is unreasonably high. Lessees are disputing this and put the landlord to the strictest proof thereof.	As 2009.	Amount accepted by Respondents.
9.	The yearly Service Charge Amount	£9,204.12	The Lessees state that the yearly service charge amount is unreasonably high for the services provided as the property does not have a concierge and its lift is erratic. Similar properties in the area with concierge service and functioning lift charge a significantly less service charge.	As 2009.	The tribunal finds this to be reasonable.
10			The landlord should kindly provide to the lessees' solicitors invoices and receipts for the items mentioned above.	As 2009.	

SCHEDULE

DISPUTED SERVICE CHARGES S/C YEAR ENDED: 2013

Case Reference : LON/ooBK/LSC/2014/0336	Premises : Flat 5 Lancaster House, 237 Sussex Gardens, London W2 3UD
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	ITEM	COST	TENANT'S COMMENTS	LANDLORD'S COMMENTS	TRIBUNAL DECISION
1.	Gas	£14,447	<p>The amount is unreasonably high.</p> <p>The lessees believe that this amount is too high for gas used for heating only (the lessees have a gas meter in their flat for the cooker only). If at all this amount is expended, this is due to the landlord's fault as the gas is centrally controlled by the landlord and they leave the heating on all summer such that the Lessees' apartment is unbearably hot in the summer. The Lessees cannot be made liable to pay for high gas bill which is as a result of the landlord's fault.</p>	As 2009.	The cost is reasonable and the Respondents are liable for 14.08% of the total being £2034.14.
2.	Electricity	£1,887	<p>The amount is unreasonably high.</p> <p>This amount is a significant increase from the previous year and the landlord should explain the reason for the disproportionate increase. The electricity is only for the common area which is the hall way only and the amount spent is wholly</p>	As 2009.	The Respondents abandoned the challenge

			unreasonable. Landlord to provide receipts.		
3.	Insurance	£11,925	The amount is unreasonably high. The building insurance cost is too high more so as the building should be insured for the rebuild costs only. The Lessee wants the quotes obtained from other insurance providers.	As 2009.	The cost is reasonable and the Respondents are liable for 14.08% of the total being £1679.04.
4.	Lift Repairs	£3,750	The Lift has always been faulty as it does not stop on the 3rd floor where the lessees' flat is situate. The lessees take the lift to the 2nd floor and then climb the stairs to their floor. The lessees doubts if the lift is ever repaired and challenges the landlord to prove that the lift is repaired annually as claimed. In any event, payment is made for lift insurance and the lessees are unclear why the insurance does not cover the repairs.	As 2009.	The cost is reasonable and the Respondents are liable for 17.86% of the total being £669.75.
5.	Boiler Repairs	£3,781	The amount is unreasonably high. The amount spent is unreasonably high. The lessees demand the invoice for this expense.	As 2009.	The cost is reasonable and the Respondents are liable for 14.08% of the total being £532.37.

6.	Entry Phone	£1,764	The lessees are disputing this expense in its entirety. Entry phone is a one-off expenditure that does not require annual maintenance. The landlord should confirm the nature of the repairs done and provide invoices and receipts	As 2009.	Amount accepted by Respondents
7.	Pest Control	£1,368	The lessees are unaware of any pest control services provided in the building and challenge the landlord to confirm where the pest control service is provided. Landlord to also provide invoices and receipts.	As 2009.	The Respondents abandoned the challenge.
8.	Repairs and Maintenance	£3,240	This is vague and ambiguous. The landlord should set out the repairs and maintenance that were carried out in the property. The lessees are disputing this in its entirety.	(i) See cashbook. (ii) Invoices over £500 attached.	Amount accepted by Respondents.
9.	Health & Safety	£1,886	This amount is unreasonably high. Lessees are disputing this and put the landlord to the strictest proof thereof.	See 2009.	Amount accepted by Respondents.
10	The yearly Service Charge Amount	£9,204.12	The Lessees state that the yearly service charge amount is unreasonably high for the services provided as the property does not have a concierge and its lift is erratic. Similar properties in the area with concierge service and functioning lift charge a significantly less service charge.	See 2009.	The tribunal finds this to be reasonable.
11			The landlord should kindly provide to the lessees' solicitors invoices and receipts for the items mentioned above.	See 2009.	

SCHEDULE

DISPUTED SERVICE CHARGES S/C YEAR ENDED: 2014

Case Reference : LON/ooBK/LSC/2014/0336	Premises : Flat 5 Lancaster House, 237 Sussex Gardens, London W2 3UD
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	ITEM	ESTIMATE D COST	TENANT'S COMMENTS	LANDLORD' S COMMENTS	TRIBUNAL DECISION
1.	General Repairs	£5,000	The amount is unreasonably high.	Based on 2013 budget 2013 account show budget correct.	Amount accepted by Respondents
2.	Boiler	£3,000	The amount is unreasonably high.	Based on 2013 budget 2013 account show budget correct.	The estimated sum is reasonable as it is based on the previous year's budget which was accurate.
3.	Insurance	£12,000	The amount is unreasonably high.	Based on 2013 budget 2013 account show budget correct.	The estimated sum is reasonable as it is based on the previous year's budget which was accurate.
4.	Lift Repair & Maintenance		The Lift has always been faulty as it does not stop on the 3rd floor where the lessees' flat is situate. The lessees take the lift to the 2nd floor and then climb the stairs to their floor. The lessees doubts if the lift is ever repaired and challenges the landlord to prove that the lift is repaired annually as claimed. In any event, payment is made for lift insurance and the lessees are unclear why the insurance does not cover the repairs.	Based on 2013 budget 2013 account show budget correct.	The estimated sum is reasonable as it is based on the previous year's budget which was accurate.

5.	Entry phone system	£1,750	The amount is unreasonably high.	Based on 2013 budget 2013 account show budget correct.	Amount accepted by Respondents.
6.	Electricity	£2,000	The amount is unreasonably high.	Based on 2013 budget 2013 account show budget correct.	The Respondents abandoned the challenge.
7.	Gas	£14,000	The amount is unreasonably high. The lessees believe that this amount is too high for gas used for heating only (the lessees have a gas meter in their flat for the cooker only). If at all this amount is expended, this is due to the landlord's fault as the gas is centrally controlled by the landlord and they leave the heating on all summer such that the Lessees' apartment is unbearably hot in the summer. The Lessees cannot be made liable to pay for high gas bill which is as a result of the landlord's fault.	Based on 2013 budget 2013 account show budget correct.	The estimated sum is reasonable as it is based on the previous year's budget which was accurate.
8.	HSE (inc Fire Alarm/Water Tanks)	£3,000	The amount is unreasonably high.	Based on 2013 budget 2013 account show budget correct.	Amount accepted by Respondents.
9.	Professional fees	£500	This is vague and the landlord should confirm the professional it anticipates to pay.	Based on 2013 budget 2013 account show budget correct.	Amount accepted by Respondents.
10	Surveyor's	£750	The landlord should	Based on 2013	The estimated sum is reasonable as it is based on

SCHEDULE

DISPUTED SERVICE CHARGES S/C YEAR ENDED: 2014

Case Reference : LON/ooBK/LSC/2014/0336	Premises : Flat 5 Lancaster House, 237 Sussex Gardens, London W2 3UD
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	ITEM	ESTIMATE D COST	TENANT'S COMMENTS	LANDLORD'S COMMENTS	TRIBUNAL DECISION
1.	General Repairs	£5,000	The amount is unreasonably high.	Based on 2013 budget 2013 account show budget correct.	Amount accepted by Respondents
2.	Boiler	£3,000	The amount is unreasonably high.	Based on 2013 budget 2013 account show budget correct.	The estimated sum is reasonable as it is based on the previous year's budget which was accurate.
3.	Insurance	£12,000	The amount is unreasonably high.	Based on 2013 budget 2013 account show budget correct.	The estimated sum is reasonable as it is based on the previous year's budget which was accurate.
4.	Lift Repair & Maintenance		The Lift has always been faulty as it does not stop on the 3rd floor where the lessees' flat is situate. The lessees take the lift to the 2nd floor and then climb the stairs to their floor. The lessees doubts if the lift is ever repaired and challenges the landlord to prove that the lift is repaired annually as claimed. In any event, payment is made for lift insurance and the lessees are unclear why the insurance does not cover the repairs.	Based on 2013 budget 2013 account show budget correct.	The estimated sum is reasonable as it is based on the previous year's budget which was accurate.

5.	Entry phone system	£1,750	The amount is unreasonably high.	Based on 2013 budget 2013 account show budget correct.	Amount accepted by Respondents.
6.	Electricity	£2,000	The amount is unreasonably high.	Based on 2013 budget 2013 account show budget correct.	The Respondents abandoned the challenge.
7.	Gas	£14,000	The amount is unreasonably high. The lessees believe that this amount is too high for gas used for heating only (the lessees have a gas meter in their flat for the cooker only). If at all this amount is expended, this is due to the landlord's fault as the gas is centrally controlled by the landlord and they leave the heating on all summer such that the Lessees' apartment is unbearably hot in the summer. The Lessees cannot be made liable to pay for high gas bill which is as a result of the landlord's fault.	Based on 2013 budget 2013 account show budget correct.	The estimated sum is reasonable as it is based on the previous year's budget which was accurate.
8.	HSE (inc Fire Alarm/Water Tanks)	£3,000	The amount is unreasonably high.	Based on 2013 budget 2013 account show budget correct.	Amount accepted by Respondents.
9.	Professional fees	£500	This is vague and the landlord should confirm the professional it anticipates to pay.	Based on 2013 budget 2013 account show budget correct.	Amount accepted by Respondents.
10	Surveyor's	£750	The landlord should	Based on 2013	The estimated sum is reasonable as it is based on

	fees		explain why it is necessary to instruct a surveyor	budget 2013 account show budget correct.	the previous year's budget which was accurate.
11	Insurance Claims Fees	£300	The landlord should explain why it is necessary to pay this amount and who this fee is due to.	Based on 2013 budget 2013 account show budget correct.	The estimated sum is reasonable as it is based on the previous year's budget which was accurate.
12	Rentokil	£1,200	This amount is unreasonably high.	Based on 2013 budget 2013 account show budget correct.	The Respondents abandoned the challenge.
13	The yearly Service Charge Amount	£9,204.12	The Lessees state that the yearly service charge amount is unreasonably high for the services provided as the property does not have a concierge and its lift is erratic. Similar properties in the area with concierge service and functioning lift charge a significantly less service charge.	Based on 2013 budget 2013 account show budget correct.	The estimated sum is reasonable as it is based on the previous year's budget which was accurate.
14			The landlord should kindly provide to the lessees' solicitors invoices and receipts for the items mentioned above.	Based on 2013 budget 2013 account show budget correct.	

5.	Entry phone system	£1,750	The amount is unreasonably high.	Based on 2013 budget 2013 account show budget correct.	Amount accepted by Respondents.
6.	Electricity	£2,000	The amount is unreasonably high.	Based on 2013 budget 2013 account show budget correct.	The Respondents abandoned the challenge.
7.	Gas	£14,000	The amount is unreasonably high. The lessees believe that this amount is too high for gas used for heating only (the lessees have a gas meter in their flat for the cooker only). If at all this amount is expended, this is due to the landlord's fault as the gas is centrally controlled by the landlord and they leave the heating on all summer such that the Lessees' apartment is unbearably hot in the summer. The Lessees cannot be made liable to pay for high gas bill which is as a result of the landlord's fault.	Based on 2013 budget 2013 account show budget correct.	The estimated sum is reasonable as it is based on the previous year's budget which was accurate.
8.	HSE (inc Fire Alarm/Water Tanks)	£3,000	The amount is unreasonably high.	Based on 2013 budget 2013 account show budget correct.	Amount accepted by Respondents.
9.	Professional fees	£500	This is vague and the landlord should confirm the professional it anticipates to pay.	Based on 2013 budget 2013 account show budget correct.	Amount accepted by Respondents.
10	Surveyor's	£750	The landlord should	Based on 2013	The estimated sum is reasonable as it is based on

	fees		explain why it is necessary to instruct a surveyor	budget 2013 account show budget correct.	the previous year's budget which was accurate.
11	Insurance Claims Fees	£300	The landlord should explain why it is necessary to pay this amount and who this fee is due to.	Based on 2013 budget 2013 account show budget correct.	The estimated sum is reasonable as it is based on the previous year's budget which was accurate.
12	Rentokil	£1,200	This amount is unreasonably high.	Based on 2013 budget 2013 account show budget correct.	The Respondents abandoned the challenge.
13	The yearly Service Charge Amount	£9,204.12	The Lessees state that the yearly service charge amount is unreasonably high for the services provided as the property does not have a concierge and its lift is erratic. Similar properties in the area with concierge service and functioning lift charge a significantly less service charge.	Based on 2013 budget 2013 account show budget correct.	The estimated sum is reasonable as it is based on the previous year's budget which was accurate.
14			The landlord should kindly provide to the lessees' solicitors invoices and receipts for the items mentioned above.	Based on 2013 budget 2013 account show budget correct.	

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.]