

4470



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

**Case reference** : **LON/00AN/0C9/2017/0044**

**Property** : **19 Flats at King's Court, Hamlet Gardens London, W6**

**Applicant** : **Various leaseholders of King's Court**

**Representative** : **Bishop & Sewell LLP Solicitors**

**First Respondent** : **Peak Holdings Ltd**

**Representative** : **Bolt Burdon Solicitors**

**Second Respondent** : **King's Court (London) Association Ltd**

**Representative** : **Teacher Stern Solicitors**

**Date of Application** : **14<sup>th</sup> February 2017**

**Type of Application** : **Cost on extension of lease**

**Valuer Chairman** : **Ian B Holdsworth MSc FRICS**

**Date of Decision** : **11 April 2017**

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**DECISION**

**The Tribunal has determined that the first respondent may recover their legal fees of £1,602 inclusive of VAT and the second respondent £1,605 inclusive of VAT under Section 60 of the Leasehold Reform, Housing and Urban Development Act 1993.**

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## **The application**

1. By their application received on 14<sup>th</sup> February 2017 the Leaseholders sought a determination under section 60(1) of the Leasehold Reform, Housing and Urban Development Act 1993 (“the Act”) of the landlord’s and intermediate landlord’s statutory costs incurred in 19 lease extension claims.
2. Standard directions were issued on 16<sup>th</sup> February 2017. The directions stated that the application was suitable for determination on the basis of written submissions and without an oral hearing but they informed the parties of their right to request an oral hearing. No such request was received and accordingly we have determined the statutory costs on the basis of the written submissions and other documents included in the comprehensive document bundle that was submitted in accordance with the directions.

## **Background**

3. By an initial notice dated 11<sup>th</sup> November 2015 the tenants claimed the right to acquire new leases for nineteen flats at these premises in a block of 193 flats in total.
4. The Tribunal made a determination on the new leases after a hearing held on October 4<sup>th</sup> 2016. A subsequent hearing on 9<sup>th</sup> March dealt with an application for Rule 13 costs.
5. No agreement in respect of the statutory costs payable by the applicant has subsequently been reached since these hearings and an application was made to the First Tier Tribunal Property Chamber to seek determination of the statutory costs payable.
6. The relevant legal provisions are set out in the Appendix to this decision.

## **The claimed costs**

7. In response to the Tribunal’s directions the representatives of the first and second respondents provided a schedule of costs suitable of summary assessment. The schedule is detailed and records the time spent in 6 minute units. All the work was undertaken by either a paralegal or solicitor. The first respondent has hourly charge rates of £255 plus VAT for the solicitors and £160 per hour for the paralegal. The second respondent makes an hourly charge of £295 plus VAT for the solicitors’ time.
8. The parties do not dispute the valuation fee or disbursements.

9. A detailed analysis of all other fees claimed is provided by the parties.
10. The applicants contend for Section 60 legal fees of £1,100 inclusive of VAT payable to the first respondent and £1,000 inclusive of VAT payable to the lawyers who acted on behalf of the second respondent.
11. Bolt Burdon Solicitors for the first respondent seek fees of £1,623 inclusive of VAT and the second respondent's solicitors, Teacher Stern £1,605 inclusive of VAT for the Section 60 legal work they undertook on this matter.
12. The applicants argue that there is:-
  - Insufficient detail on the costs schedule to identify that the works fall within Section 60 costs.
  - Excessive time was allocated to certain activities.
  - There is inadequate fee discount applied to reflect the duplication of tasks associated with this volume of work on all 19 flats lease extensions at these premises. They refer to the case authority of *Sinclair Gardens Investments (Kensington) Ltd v Wisbey [2016] UKUT 203 (LC)*; and
  - Abnormal costs associated with the delivery of statutory notices by fee earners.
13. The solicitors for the first and second respondents answer these criticisms with an assurance that the fees were reduced to reflect the volume of work. All the billed work was allowed under Section 60 provisions and the delivery of the notices by a solicitor and a paralegal was necessary to comply with legal obligations to satisfy the requirements of the intermediate landlord.

### **Decision**

14. The Tribunal has reviewed the legal fees presented by both respondents and is content that a sufficient fee reduction was made to reflect the volume of work.
15. The additional detail provided in the respondents' replies to the applicant's submission provide justification that all the work falls within that allowed within Section 60 of the Act.
16. The Tribunal were not content that it was necessary for fee earners to deliver the notices and that this could be satisfactorily achieved through a special delivery courier. A reduction of £21 is made for the charges to reflect the additional cost of delivery by fee earners. This discount is based upon a £400 estimated additional cost of statutory notice

delivery by fee earners. This cost is then shared between the 19 leaseholders to produce £21 per leaseholder.

17. The Tribunal are satisfied that all other legal fees claimed are reasonable within the meaning of Section 60 and so payable by the applicants.

18. 17. The Tribunal has determined that the first respondent may recover their legal fees of £1,602 inclusive of VAT and the second respondent fees of £1,605 inclusive of VAT.

**Name: Ian B Holdsworth**

**Date 12<sup>th</sup> April 2017**

## **Appendix A**

### **Leasehold Reform, Housing and Urban Development Act 1993**

#### **Section 60**

Costs incurred in connection with new lease to be paid by tenant.

(1)

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 have been incurred by any relevant person in pursuance of the notice, for the reasonable costs of and incidental to any of the following matters, namely—

(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;

but this subsection shall not apply to any costs if on a sale made voluntarily a stipulation that they were to be borne by the purchaser would be void.

(2)

For the purposes of subsection (1) any costs incurred by a relevant person in respect of professional services rendered by any person shall only be regarded as reasonable if and to the extent that costs in respect of such services might reasonably be expected to have been incurred by him if the circumstances had been such that he was personally liable for all such costs.

(3)

Where by virtue of any provision of this Chapter the tenant's notice ceases to have effect, or is deemed to have been withdrawn, at any time, then (subject to subsection (4)) the tenant's liability under this section for costs incurred by any person shall be a liability for costs incurred by him down to that time.

(4)

A tenant shall not be liable for any costs under this section if the tenant's notice ceases to have effect by virtue of section 47(1) or 55(2).

(5)

A tenant shall not be liable under this section for any costs which a party to any proceedings under this Chapter before a leasehold valuation tribunal incurs in connection with the proceedings.

(6)

In this section "relevant person", in relation to a claim by a tenant under this Chapter, means the landlord for the purposes of this Chapter, any other landlord (as defined by section 40(4)) or any third party to the tenant's lease.