



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

**Case Reference** : **LON/00AH/LSC/2022/0134**

**Property** : **The Residences, 4 Edridge Road,  
Croydon, Surrey, CR0 1GB**  
**(1) Daniela Piaia (Flat 22)**  
**(2) Bianca Tripsa (Flat 154)**

**Applicant** : **(3) Tanita Chondrunaiko & Sam Kemp  
(Flat 117)**  
**(4) Amy Turner**

**Representatives** : **In Person; Daniela Piaia**

**Respondent** : **E G Croydon Limited**

**Representative** : **Mr Barry Coulter of Counsel**

**Type of Application** : **For the determination of the liability to  
pay and reasonableness of service  
charges (s.27A Landlord and Tenant Act  
1985)**

**Tribunal Members** : **Judge Professor Robert Abbey  
Mr Kevin Ridgeway MRICS**

**Date and venue of  
Hearing** : **3 October 2022 at 10 Alfred Place,  
London WC1E 7LR**

**Date of Decision** : **11 October 2022**

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**DECISION**

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## **Decisions of the tribunal**

- (1) The tribunal determines that: -
- (2) The estimated service charges forming the substance of this dispute are all reasonable service charge estimates
- (3) Otherwise, if service charge items are not specifically mentioned under this heading, then the Tribunal has found them to be reasonable.
- (4) With regard to the S.20c application, the tribunal further determines that it is not just and equitable in the circumstances for an order to be made under section 20C of the Landlord and Tenant Act 1985

## **The applications and background**

1. The applicants seek a determination pursuant to s.27A of the Landlord and Tenant Act 1985 (“the 1985 Act”) as to the amount of service charge payable by them in respect of service charges payable for services provided for **The Residences, 4 Edridge Road, Croydon, Surrey, CR0 1GB** (the property) and the liability to pay such service charge.
2. The Residences 4 Edridge Road Croydon Surrey is a purpose-built block of 235 flats. The respondent is the applicant’s landlord and is responsible for providing the services and recovering the service charge under the leases. The block consists of 235 residential flats in all, each of which is held a long residential lease.
3. The applications to the Tribunal were first concerned with the reasonableness and payability of estimated service charges for the relevant service charge period being the months of 2022. All the disputed charges are estimated charges extracted from a service charge budget submitted by the managing agents acting for the respondent being HLM Property Management. In a second application the applicant seeks a determination pursuant to s.20c of the 1985 Act.
4. The relevant legal provisions are set out in the Appendix to this decision. Additionally, rights of appeal are set out below in an annex to this decision

## **The hearing**

5. The face-to-face hearing took place on 3 October 2022, when the applicants were represented by one of themselves, Ms Piaia, the lead

applicant and the respondent was represented by Mr Coulter of Counsel.

6. The tribunal did not inspect the property as it considered the documentation and information before it in the trial bundle enabled the tribunal to proceed with this determination and also because of the restrictions arising out of the Covid-19 pandemic.
7. The Tribunal had before it an electronic/digital trial bundle of documents prepared by the parties, in accordance with previous directions. The documents that were referred to are in a bundle of many pages, the contents of which we have recorded and which were accessible by all the parties.

### **Decision**

8. The Tribunal is required to consider whether the estimated charges are of a reasonable level for an annual estimate. To do this the Tribunal considered in detail written and oral evidence and the surrounding documentation as well as the oral submissions provided by both the parties at the time of the face-to-face hearing.
9. The Tribunal were required to consider service charge estimates for 2022 set out in the service charge budget for the year ending in December 2022. So, the amounts challenged are not final figures but are all estimated charges of the likely amounts to be incurred. Therefore, all that the Tribunal could do was to ensure that the estimated charges were reasonable as estimates of the possible final charges to be ascertained by the end of the service charge year. The Tribunal could not look at the actual service charges as these were yet finally formulated and would only be known from the end of year accounts that will not be prepared for some months to come. It is open to the applicants to again challenge these final charges once the final figures are known by way of the same statutory provision that underpin this dispute.
10. The disputed estimates relate to
  - (i) Insurance of the property
  - (ii) Concierge charges
  - (iii) Electricity – common parts
  - (iv) Water rates

- (v) Plant maintenance
- (vi) Window cleaning
- (vii) Stationary, printing postage
- (viii) Refuse bin hire
- (ix) CCTV
- (x) Water treatment and testing
- (xi) Carpet cleaning

11. Each item will be considered in turn as to the reasonableness and payability of these several estimated budgetary items.

#### Insurance of the property

12. The applicants believe that the proposed insurance premium for the year in dispute is excessive. The disputed amount in the budget was £143,442.42 The applicants did not provide alternative quotes from other similar insurers. The respondent said that they had used a quote from Aspen Insurance UK Limited, a reputable and well-known insurer of properties such as this one. Furthermore, the landlord was not required to find the cheapest quote. The respondent stated that “The buildings insurance was arranged by a known market-based insurance brokerage and a full process was run to secure competitive pricing.”
13. The tribunal is satisfied that the respondent selected an insurance company of repute and that as such there is compliance with the obligation to obtain a quote from a reputable company. In the cases of *Berrycroft Management Co Limited v Sinclair Gardens Investment (Kensington) Limited* 1997 1EGLR 47 and *Havenridge Limited v Boston Dyers Limited* [1994] 49 EG 111(CA) it was made clear that the landlord does not have to accept the cheapest quotation but the landlord must insure with a reputable company as is the case in this dispute.
14. From *Forcelux v Sweetman* [2001] 2 EGLR 173 it is apparent that a landlord should test the market when considering an insurance quote. In this dispute it was stated in evidence before the Tribunal that a market analysis was undertaken by brokers instructed on behalf of the managing agents whereby several insurance companies were approached to test the market insurance premium rates.

15. Accordingly, the Tribunal accepted that there was no requirement on the landlord to find the cheapest quote. In the absence of comparable evidence from the applicants for very similar blocks and alternative premium quotations for an exact like for like cover it is difficult for the tribunal to say the budgeted premium charged is unreasonably incurred. This left the tribunal with little alternative other than to confirm the adequacy of the budget amount charged, which it now does. Accordingly, the item listed to insurance is approved as reasonable and payable.

#### Concierge charge

16. The estimated charge in this regard was in the sum of £143,016.84, an increase of some 60% on the previous figures. Twenty-four-hour cover was put in place to address concerns made by tenants about security at the property and to address issues such as vagrants occupying the lobby area. The respondent says that “The reason for 24-hour concierge is a condition the buildings insurer have placed in providing cover”. It appeared to the Tribunal and based upon an assessment of the evidence before it provided by the respondent that this amount was a reasonable estimate of the potential costs for the provision of a concierge on a 24 hour basis and as such is considered reasonable and payable.

#### Electricity – common parts

17. The common parts electricity was estimated at £55,000. The applicants pointed out that this was an enormous increase from £10,000 previously. The respondents produced evidence by way of an actual statement of account where the amount demanded was in excess of the estimate in the budget. It appeared to the Tribunal and based upon an assessment of the evidence before it provided by the respondent that this amount was a reasonable estimate of the potential costs for the provision of common parts electricity and as such is considered reasonable and payable.

#### Water rates

18. The amount of the estimated charge in the budget was £23,500. The previous year was set at £180, an obviously impossibly low estimate for a building containing over 230 flats. The respondents produced evidence by way of an actual bill from the local water company where the amount demanded was in excess of £21,910. It appeared to the Tribunal and based upon an assessment of the evidence before it provided by the respondent that this amount was a reasonable estimate of the potential costs for the provision of a water supply for all the flats in the block and as such is considered reasonable and payable. The

respondent did say that “The figure quoted in the budget is for bulk supply to be split amongst the Leaseholders. The process of installing individual meters is currently underway and will be rolled out next year in which leaseholders will be charged directly for their usage. This will be reflected in the budget next year”.

#### Plant maintenance

19. The charged estimate in this regard was £30,000 a significant increase from £19,500 previously. The respondent stated that “The budgeted costs are based upon the PPM (planned preventative maintenance) cost for the year along with a provision for any repairs required throughout the year. When referring to plant it means pumps, boilers, pressure vessels etc.” The respondent produced a report and estimate from an engineering company that provided figures to support the estimated charge. Therefore, it appeared to the Tribunal and based upon an assessment of the evidence before it provided by the respondent that this amount was a reasonable estimate of the potential costs for the provision of plant maintenance and as such is considered reasonable and payable.

#### Window cleaning

20. The applicants disputed the service charge estimate for the year for the provision of window cleaning at the property as they asserted that it was not done. The respondent asserted that the Applicants claim that there has been a lack of maintenance over the past year but then take issue with the budget which has been increased to deal with the issues the Applicants have previously raised. The Tribunal from its own knowledge of service charges of this type was satisfied that this was a reasonable estimate and was thus payable.

#### Stationary printing postage

21. This charge was for a minor sum of £1298. The trial bundle contained an account dated 15 February 2022 that supported the level of the estimate. Therefore, it appeared to the Tribunal and based upon an assessment of the evidence before it provided by the respondent that this amount was a reasonable estimate of the potential costs for the provision of stationary printing and postage and as such is considered reasonable and payable.

#### Refuse bin hire

22. The Tribunal noted that the estimated charge was £2240 and was said by the respondent to be the cost charged by Croydon Council for the

hire of the large bins in the bin store. The sum is a direct charge and a copy invoice from the local authority was within the trial bundle. Therefore, it appeared to the Tribunal and based upon an assessment of the evidence before it provided by the respondent that this amount was a reasonable estimate of the potential costs for the provision of refuse bin hiring and as such is considered reasonable and payable.

#### CCTV

23. The estimated charge here in the budget was £7000. This budget was to cover potential additional CCTV cameras to be installed and the budget was based on a quote received from a contractor. Therefore, it appeared to the Tribunal and based upon an assessment of the evidence before it provided by the respondent that this amount was a reasonable estimate of the potential costs for the provision of CCTV and as such is considered reasonable and payable.

#### Water treatment and testing

24. The estimated charge in this regard was £3000. This amount was set following a legionella risk assessment by specialist contractors. Details were provided in the trial bundle. Therefore, it appeared to the Tribunal and based upon an assessment of the evidence before it provided by the respondent that this amount was a reasonable estimate of the potential costs for the provision of water treatment and testing and as such is considered reasonable and payable.

#### Carpet cleaning

25. The applicants did raise an issue regarding a charge of £2500 for carpet cleaning. Counsel for the respondent pointed out that this was not a item in the current budget. On re-examination of the budget, the applicants accepted that this was indeed not an item in the relevant budget and as such the Tribunal cannot make any finding in this regard.

#### **Application for a S.20C order**

26. It is the tribunal's view that it is both just and equitable not to make an order pursuant to S. 20C of the Landlord and Tenant Act 1985. Having considered the conduct of the parties, their written submissions and taking into account the determination set out in the decision above, the tribunal determines that it is just and equitable in the circumstances that there be no order to be made under section 20C of the 1985 Act. As such these costs may be included as a service charge expense

27. With regard to the decision relating to s.20C, the Tribunal relied upon the guidance made by HHJ Rich in *Tenants of Langford Court v Doren Limited* (LRX/37/2000) in that it was decided that the decision to be taken was to be just and equitable in all the circumstances. The tribunal thought it would be just to allow the right to claim all the costs as part of the service charge. The s.20C decision in this dispute gave the tribunal an opportunity to ensure fair treatment as between landlord and tenant in circumstances where costs have been incurred by the landlord and that it would be just that the tenant should have to pay them.
28. As was clarified in *The Church Commissioners v Derdabi* LRX/29/2011 the tribunal took a robust, broad-brush approach based upon the material before it. The tribunal took into account all relevant factors and circumstances including the complexity of the matters in issue and all the evidence presented. The Tribunal also took into account all oral and written submissions before it at the time of the hearing.
29. It was apparent to the tribunal that the application was misconceived as it was clear that objections were about the substance of the service charges rather than the level of the estimated charges. It would have been more effective if the tenants had awaited the issue of the end of year accounts when they could then make an application to the Tribunal with regard to the final figures rather than the estimates set out in the budget. The landlord has been put to some expense to prepare for this case and it is therefore right that in the light of the Tribunal decision that there be no order. Accordingly, in the light of the determinations made by this Tribunal the Tribunal has made this second determination this time in regard to the tenants' s.20C application.

**Name:** Judge Professor Robert  
Abbey

**Date:** 11 October 2022



## **Appendix of relevant legislation and rules**

### **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.

## **ANNEX - RIGHTS OF APPEAL**

1. If a party wishes to appeal this decision to the Upper Tribunal (Lands Chamber) then a written application for permission must be made to the First-tier Tribunal at the Regional office which has been dealing with the case.
2. The application for permission to appeal must arrive at the Regional office within 28 days after the Tribunal sends written reasons for the decision to the person making the application.
3. If the application is not made within the 28-day time limit, such application must include a request for an extension of time and the reason for not complying with the 28-day time limit; the Tribunal will then look at such reason(s) and decide whether to allow the application for permission to appeal to proceed despite not being within the time limit.
4. The application for permission to appeal must identify the decision of the Tribunal to which it relates (i.e., give the date, the property and the case number), state the grounds of appeal, and state the result the party making the application is seeking.