

**Residential Property Tribunal for Wales
Y Tribiwnlys Eiddo Preswyl
Leasehold Valuation Tribunal**

Case Reference : LVT/0036/01/26

Property : Flat 19 Cadogan House, West Bute Street,
Cardiff CF10 5EN

Applicant : Mohamed Farghali Sayed Farghali &
Zizi Hassan Mohammed Zidan Mdawy

Respondent : Western Permanent Property Limited

Type of Application : Landlord & Tenant Act 1985 – Section 27A and
Section 19

Tribunal Members : Judge Caroline Hunter
Tribunal Member Morgan Williams
Tribunal Member Hywel Jones JP

Date of hearing : 3 June 2026

Date of Decision : 29 June 2026

DECISION

Summary Decision

1. The Tribunal finds that all the services charges challenged are reasonably incurred and the services or works are of a reasonable standard. In the light of this finding, we also decline to make a s.20C order.

Application

2. The Applicants are the leaseholders of Flat 19 Cadogan House, West Bute Street, Cardiff CF10 5EN (the flat). On 5 January 2026 the Applicants applied to the Tribunal for a determination of liability to pay and the reasonability of service charges for the flat for the years audited amounts for 2019 – 2024 and budget amounts for 2025 and 2026. The Respondent is the management agent appointed by the Management Company for the building (Cadogan House).

3. Directions were made on 14 January 2026, and further to those directions both parties provided a statement of case and reply. The Directions provided for the case to be determined following a remote hearing. It was decided that an inspection of the property was not necessary.
4. On 27 May 2026, a week before the hearing, the Applicants sought to submit further evidence. The Respondent opposed that application and the Tribunal agreed that the further evidence should not be allowed.
5. At the hearing the Applicants, the Applicant Mohamed Farghali Sayed Farghali (Mr Farghali) attended and represented both Applicants. Two staff members, Angela Morgan-Rose and Shelley Burch represented the Respondents.

The Lease

6. The lease is a tripartite lease between the freeholder, a Management Company (Cadogan House (Cardiff Bay) Management Company Ltd) and the leaseholder. The lease is in fairly standard terms.
7. In Part E of the lease ('Background to Lease') the landlord and tenant acknowledge that in paras 3 and 4:
 - The Management Company has agreed to join in this lease and undertake obligations for the services repair maintenance insurance and management of the Building and the other matters as set out in this lease.
 - The Landlord is to grant and the Management Company has agreed to take a lease of the Building within a reasonable time following the grant of the last leases to the Flat Tenants of the Landlord.
8. In Part F of the lease, the tenant covenants with the freeholder and the management company to observe and perform tenant covenants (Clause 5). This includes the payment of the service charge and the Insurance Rent (Schedule 4, paras. 2 and 3). The service charge is estimated for each service charge year, to be paid in equal instalments. At the end of the year if there is deficit the tenant must pay the difference. If there is a credit this credited to the tenant through the following year's estimate.
9. The Management Company covenants to observe and perform the landlord obligations set out in clause 5 and Schedule 6 paras. 2, 3, and 4. Schedule 6, para. 2 requires insurance of the building. Schedule 6, para. 4 sets out the services that the landlord will provide.
10. The leaseholder becomes a member of management company (Schedule 4, para. 18).

Background

11. Cadogan House was built as a mix-use building completed in 2010s. There are 23 flats in the four upper floors. The Applicant's lease is for a term of 250 years from

1 January 2017. The Applicants purchased their flat in April 2019 and the first service charges began to be levied that year.

12. PG Cadogan Ltd, the freeholders of Cadogan House, was dissolved in November 2024. The freehold was disclaimed by the Official Receiver and automatically reverted to the Crown. The Respondents at the hearing explained that they have been in touch with the Crown's solicitors, but it seems likely to be some time before a decision is made on the future ownership of the freehold.
13. The Respondent was appointed by the Management Company on 3 October 2017, by the freeholder. At that point not all the flats had not been sold so the leaseholders had not taken control of Management Company and the long lease to the company was not granted (see para. 7 above). The directors of the Management Company were the same as the freeholders. This position had not changed when the freeholder was dissolved. We were informed by the Respondents that when PG Cadogan Ltd was dissolved and the freehold reverted to the Crown, as a practical a response, the Respondents took the decision to appoint their directors as directors the Management Company.

The Law

14. The applicable statutory provisions are set out in the Appendix of this decision. In summary, the applicants challenge some of the service charges in relevant years. In effect we are being asked to decide whether the service charges are payable under the lease at all (1985 Act, s.27A) and whether they are reasonable both in being incurred and in relation to the standard provided (1985 Act, s.19).
15. In addition, the Applicants seek an order under s.20C of the 1985 Act.

The Submissions and Conclusions

16. In his submissions to the Tribunal the Mr Farghali focussed on three issues:
 - a. The overall reasonable and proportionality of the services charges;
 - b. The management fees;
 - c. The building insurance.

The overall reasonable and proportionality of the services charges

17. The Applicant made some general submissions on the growth of the services charges between 2019 and 2026. However, the Tribunal is the view that the services charges cannot be seen in the round but each line in the accounts or budget for each year must be examined. Mr Farghali had prepared a Scott Schedule. Apart from the management fees and building insurance this detailed 23 further items for particular years. The Respondents had responded to each item. Further they had provided receipts for expenditure.
18. At the hearing Mr Farghali did not seek to question these responses or receipts. The Tribunal did encourage Mr Farghali to particularise concerns. He pointed to the electricity costs in the common areas and the general repair and general maintenance costs.

19. In the electricity costs he pointed (as set-out in the Scott Schedule) to 'a large and unexplained spike (about +125%) followed by significant reductions, without evidence of tariff changes, metering issues, or usage shifts; usage data, meter readings, supplier details, and tariffs should be produced so the Tribunal can set a reasonable figure.'
20. The Respondents stated in their Response that 'they engage the services of an independent broker in order to assess the market and seek to ensure that utility pricing remains competitive and reasonable.' They continued that costs have been subject to significant volatility in the relevant period. In 2023 prices were higher but reduced in the following years.
21. Mr Farghali concerns on the 'Repairs and Maintenance' and 'general maintenance costs' were in part about a potential double counting between the two headings. The Respondents explained that the first term is used by their accountants in the accounts and reflects the actual expenditure. The budget user the term 'general maintenance costs. However, there is no double counting.
22. The Respondents explained why there were higher in 2023 and 2024 to cover the installation of gull netting and some water ingress that required some repair.
23. We are of the view that the Respondents have explained satisfactorily the electricity costs and the general repair and general maintenance costs. On these and all the 23 matters complained in the Scott Schedule we are of the view that the amounts are reasonably incurred and the services or works are of a reasonable standard.

Management Fees

24. In the Scott Schedule the amounts provided for management fees are in dispute. The Respondents have provided the amounts charged as in the accounts and it is these amounts we have based our decision on. More generally Mr Farghali complained about the rise in the management fees and that they significantly exceeded inflation.
25. Based on the actual amounts, the Respondents disputed this complaint. We agree that the evidence does not demonstrate that the fees have significantly exceeded inflation (if at all).
26. Further, based on a fixed fee and the work involved in such a building we are of the view that the fees are reasonable.

Building Insurance

27. We have some sympathy for the Applicants in terms of the growth in building insurance costs. In the 2019 the cost was £4148, however from 2023 this has risen to £5982 (2023), £6968 (2024) and £8804 (2025). The budgeted amount for 2026 was £13073.

28. Following the Grenfell fire, buildings such as Cadogan House have been under scrutiny. Following a Fire Appraising of the External Walls, the building's render was identified as a factor of concern. This and other reasons are identified by the Respondents for the growth in insurance premiums. In terms of fire risks the Respondents have successfully applied for Welsh Government funding to mitigate the risk. Once the works are signed off, they hope that the insurance costs will fall.
29. In terms of how the Respondents manage the process, they explained that they engage a specialist insurance broker to obtain competitive market quotations for building insurance.
30. Ultimately Mr Farghali's complaint was that he should not have to bear the costs given the huge growth in insurance costs in the light of the Grenfell fire. However, under the lease it is the Applicants' who have to pay their share of the insurance costs. Those costs were in our view reasonable.

Section 20C

31. Given that we have found for the Respondents it is not just and equitable to make an order under s.20C.

Dated: this 29th day of June 2026

Tribunal Judge Caroline Hunter (Chair)

Appendix – relevant legislation

Landlord and Tenant Act 1985

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 20C

(1) A tenant may make an application for an order that all or any of the costs incurred, or to be incurred, by the landlord in connection with proceedings before a court, residential property tribunal or leasehold valuation tribunal, the First-tier

Tribunal or the Upper Tribunal, or in connection with arbitration proceedings, are not to be regarded as relevant costs to be taken into account in determining the amount of any service charge payable by the tenant or any other person or persons specified in the application.

(2) The application shall be made—

(a) in the case of court proceedings, to the court before which the proceedings are taking place or, if the application is made after the proceedings are concluded, to a county court;

(aa) in the case of proceedings before a residential property tribunal, to a leasehold valuation tribunal;

(b) in the case of proceedings before a leasehold valuation tribunal, to the tribunal before which the proceedings are taking place or, if the application is made after the proceedings are concluded, to any leasehold valuation tribunal;

(ba) in the case of proceedings before the First-tier Tribunal, to the tribunal;

(c) in the case of proceedings before the Upper Tribunal, to the tribunal;

(d) in the case of arbitration proceedings, to the arbitral tribunal or, if the application is made after the proceedings are concluded, to a county court.

(3) The court or tribunal to which the application is made may make such order on the application as it considers just and equitable in the circumstances.