Y TRIBIWNLYS EIDDO PRESWYL
RESIDENTIAL PROPERTY TRIBUNAL

Reference: LVT/0048/12/24

In the Matter of an Application under Section 27A of the Landlord and Tenant Act 1985

Applicants:
(1) Mr Stephan Hays (Flat 1)
(2) Mr Richard Hirst (Flats 2 and 3)
(3) ~~Rachel Everet~~ (Flat 4)
(Huw Phillip Lynd-Evans, as executor of the estate of Rachel Everet)
(4) Lee Greenow (Flat 5)
(5) Geraint Davies (Flat 6)
(6) Stuart Powell (Flat 7)
(7) Annamarie Price (Flat 8)
(8) Ieuan Davies (Flat 9)
(9) Ian Ryland (Flat 10)
(10) Michelle Bevan (Flat 11)
(11) Paul Rowe (Flat 12)
(12) Valerie George (Flat 13)
(13) Niall Evans (Flat 14)

Representation: **Stephen Hays & Richard Hirst**

Respondent: **G & O Investments Ltd**

Representation: **Arjun Nath & Safi Khan of Praxis Block Management Limited (18 September & 17 November 2025), Andrew Brueton of Counsel, instructed by Rose & Rose solicitors (29 March 2026)**

Tribunal: **Colin Green (Legal Chair)**
Hefin Lewis FRICS (Valuer Member)

Date of hearing: **18 September & 17 November 2025 & 29 March 2026**

DECISION

(1) Huw Phillip Lynd-Evans, as executor of the estate of Rachel Everet, is substituted as Third Applicant.
(2) In respect of the service charge years 2018 to 2023, the service charge liability is nil.
(3) Subject thereto, the Tribunal makes the following findings:

a. The electricity charges for the years 2018 to 2023 are as set out in paragraph 71 below.
b. The gas charges for the years 2018 to 2023 are as set out in paragraph 79 below.
c. The insurance charges for the years 2018 to 2023 are as set out in paragraph 88 below.
d. The audit fees for the years 2018 to 2023 are reduced to zero.
e. No interest is chargeable.

REASONS FOR DECISION

Introduction

1. This is an application by the Applicants under s. 27A of the Landlord and Tenant Act 1985 to determine service charge liability for the service charge years 2018 to 2023. Plough House ("the Property") is conversion and extension of a former public house to create 14 self-contained flats with a car park at the side. At the time the application was made each of the flat owners was made an Applicant. Rachel Everet, the Third Applicant and owner of Flat 4, subsequently died and at the final hearing on 29 March 2026 it was directed that Huw Phillip Lynd-Evans (who obtained probate on 21 April 2026) be substituted in her place, as executor of her estate.

2. Each of the Applicants have been lease owners prior to May 2018, save for Rachel Everet (Flat 4 since October 2021), Lee Greenow (Flat 5 since November 2021), Ieuan Davies (Flat 9 since June 2023), and Niall Evans (Flat 14 since 8 December 2022).

3. The previous owner of the freehold to the Property was S&M Property Management ("S&M"). G&O Investments Limited ("G&O"), the Respondent, acquired the freehold on 30 May 2018. G&O appointed Urbanpoint Property Management Limited ("Urbanpoint") to deal with insurance of the Property and Praxis Block Management Limited ("Praxis") to undertake the management of the Property including service charges.

4. Hefin Lewis, the valuer member, inspected Plough House on 8 September 2025. The hearing took place via Microsoft Teams over three days: 18 September and 17 November 2025 and 29 March 2026. At all three hearings, Mr. Hays and Mr. Hirst, the First and Second Applicants, represented all thirteen Applicants. Mr. Arjun and Mr. Khan, employees of Praxis, represented G&O on 18 September & 17 November 2025. On 29 March 2026 G&O was represented by Andrew Brueton of Counsel.

5. In terms of documentation, there is the application form, statements of case from both parties, and a Scott Schedule. The Applicants provided a 22-page skeleton argument for the first hearing, supplemented by further written submissions for each of the subsequent hearings, and Mr. Brueton provided a skeleton argument for the final day. There were sizeable bundles of documents from both parties, eventually consolidated with some additions by G&O's solicitors into a PDF bundle of 2,456 pages for the final day.

6. The Tribunal also heard evidence from each of the Applicants and Mr. Nath and Mr. Khan. Where relevant, reference to such evidence will be mentioned below.

The Lease

7. A sample lease was provided in respect of Flat 1 dated 6 April 2005 ("the Lease") which demised Flat 1 for a term of 199 Years from 6 April 2005. The leases of Flats 2 to 11 are in the same terms.

8. The relevant provisions of the Lease are as follows.

8.1. Clause 4.2 – Landlord's covenant to insure the building
8.2. Clause 3.2 – covenant to pay the service charge calculated in accordance with the Third Schedule on the dates stated there.
8.3. Clause 4.4 – Landlord's covenant to provide the services listed in the Fourth Scheule, which includes engaging managing agents.
8.4. Clause 4.5 – Landlord's obligation to maintain a reserve fund in accordance with the Fifth Schedule.

9. The Third Schedule deals with the service charge. This provides for an interim service charge instalment, being a quarterly payment on the usual quarter days (March 25, June 24, September 29, December 25) on account of one quarter of the final service charge on the latest service charge statement. This means that the Tenant must pay by equal quarterly payments the same amount as was due in respect of the final charge for the previous service charge year, which will be 9% of the service costs for that period. The service charge year runs from 1 January to 31 December.

10. In respect of the calculation of interim payments, at some point this appears to have changed to estimates rather than calculated by reference to the previous years' service charge and the quarterly payment dates changed to 1 January, 1 April, 1 July, and 1 October in each year. No issue was taken by the Applicants with this and therefore the Tribunal has proceeded on the basis that estimates of forthcoming expenditure are sufficient.

11. Paragraph 2 of the Third Schedule provides:

"2. The Landlord must
(a) keep a detailed account of service costs
(b) have a service charge statement prepared for each period ending on 31st December during the lease period, which:
(i) states the service costs for that period with sufficient particulars to show the amount spent on each major category of expenditure
(ii) states the amount of the final service charge
(iii) states the total of the interim service charge instalments paid by the Tenant
(iv) states the amount by which the final service charge exceeds the total of the interim service charge instalments ('negative balance'), or vice versa ('positive balance')
(v) is certified by a member of the Institute of Chartered Accountants in England and Wales that it is a fair summary of the service costs, set out so that it shows how they are or will be reflected in the final service charge, and is sufficiently supported by accounts, receipts and other documents which have been produced to him"

12. Under paragraph 4:

"4. (a) If a service charge statement shows a positive balance, the Landlord must pay that sum to the Tenant when giving the statement
(b) if a service charge statement shows a negative balance, the Tenant must pay that sum to the Landlord within fourteen days after being given the statement"

13. The Fourth Schedule sets out the services to be provided by the Landlord, the cost of which will amount to service costs recoverable by way of service charge. These include:

13.1. paragraph 5 – heating and lighting the common parts;
13.2. paragraph 9 – providing adequate hot water for the domestic supply in the property demised for central heating there and maintaining the boilers and plant used for that purpose and a domestic electricity supply;
13.3. paragraph 15 – keeping accounts of service charge costs, preparing and rendering service charge statements and retaining accountants to certify those statements.

14. The Fifth Schedule makes provision for a reserve fund in respect of expected expenditure and the Landlord's annual estimate for contribution to the reserve fund is a service charge cost when calculating the service charge. Reserve fund works (as defined) are to be paid from the reserve

fund and only to the extent that the fund is insufficient are they to be charged as a service cost. That is, payment for reserve fund works should come out of the reserve fund in the first instance and only be charged as service charge costs to the extent the reserve fund is insufficient.

15. As regards Flats 12 to 14, there is a sample lease of Flat 13 dated 6 April 2005. This is the same as Flats 1 to 11, save that:

15.1. the final service charge is 7.14 % of the service costs;

15.2. certain provisions in the Fourth Schedule concerning services to be provided by the Landlord. There is no equivalent to paragraph 9 of the Fourth Schedule in the leases for flats 1 to 11, and paragraph 14 provides that the property demised has its own meters for gas electric and water and that the Landlord will not include in the service charge for the flat any charges for these utilities that relate to flats 1 to 11.

16. Therefore, charges for the consumption of electricity gas and water for flats 1 to 11 (in addition to the common parts) form part of the service charge for those flats, and are excluded from the service charge for flats 12 to 14, which have their own meters. This is reflected in the various end of year accounts in which the Property is divided into Schedule A (1 to 11) and Schedule B (12 to 14). Gas, electric and water charges are shown for 1 to 11 only.

17. Although the leases of 1 to 11 state a 9 % contribution, to make up 100% this is calculated at 9.0909 % in respect of gas, water and electric, and the contribution for all 14 flats in respect of other expenditure is 7.1429 %. This differs from the Leases but is a practice that has not been challenged.

Statutory provisions

18. Sections 19(1) and (2) provide:

"19 Limitation of service charges: reasonableness.
(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 provision 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."

19. Section 21B (1) and (2):

> *"21B Notice to accompany demands for service charges*
> *(1) A demand for the payment of a service charge must be accompanied by a summary of the rights and obligations of tenants of dwellings in relation to service charges.*
> *(2) The Secretary of State may make regulations prescribing requirements as to the form and content of such summaries of rights and obligations."*
> In Wales, the relevant regulations are the Service Charges (Summary of Rights and Obligations, and Transitional Provisions) (Wales) Regulations 2007, which provide that the statutory information must be in both Welsh and English.

Service charge demands

20. The first issue that must be addressed concerns the service of service charge demands. The Respondent's bundle (subsequently incorporated into the consolidated bundle) contains two kinds of documents, prepared by Praxis and addressed to each lease owner, covering the periods since G&O's purchase in 2018.

    20.1. An end of year statement of service charges, purportedly pursuant to paragraph 2 of the Third Schedule to the Lease and certified by Robert Quaye & Associates, showing the amount due (negative balance) for each flat.

    20.2. A document headed, "Invoice/Statement", which itemises the balance brought forward, the amount of each interim service charge due during the period of the invoice/statement and credits for payments received up to the date of the invoice/statement. Where an end of year statement has produced a balancing figure, the amount of the excess service charge due for that service charge year is shown. On occasions there are charges for interest. At the foot of the statement a final sum due is stated. There do not appear to have been any separate notifications of the interim service charge for the year or demands for quarterly payments of the interim service charge other than in such invoice/statements.

21. Notwithstanding copies of such documents in the Respondent's bundle going back to 2018, subject as mentioned below, the Applicants evidence was that none of these documents had been received by them until relatively recently. In summary, their evidence was as follows.

22. Stephan Hays (Flat 1) – the first document he received was an invoice/statement dated 14 April 2023, covering the period 1 October 2022

to 5 April 2023 (amount due £2,174.52), together with a covering letter from Praxis of the same date which included the following:

> *"We note that you are currently paying £160.00 via a monthly standing order. However, this amount is insufficient to cover the annual service charges for the property due to the high gas an electricity usage. As a result, the level of arrears on your account have increased.*
> *We would therefore request you to contact us to discuss and revise the current payment plan to ensure you are up to date with the service charges."*

23. After the purchase of the freehold by G&O, Mr. Hays' standing order payments of £110.00 per month had continued. He changed the recipient for the standing order after receipt of a letter from Urbanpoint of 10 July 2019 (which must be a mistake for 2018), which enclosed a copy notice of assignment of the freehold and requested that future payments be made to Praxis. He was taken to an invoice/statement from Praxis in the Respondent's bundle, dated 19 June 2018 which contained three items: the balance of a management charge to S&M, the previous freeholder, the balance of ground rent due, and an interim service charge to 31 December 2018 of £450.00. Mr. Hays' evidence was that he had never received this.

24. He received a letter from Praxis of 9 December 2022 which stated that his account was £2,478.13 in arrears, and he increased the standing order to £160.00 per month. Until then he was unaware that his standing order amount should be increased and he continued with £160.00 up to Praxis' letter of 14 April 2023 mentioned above. Up to that point he had not received any invoice/statements or annual service charge statements. Similar letters were sent out by Praxis to the other tenants at that time.

25. Richard Hirst (Flats 2 & 3) – the first invoice/statement received was dated 14 April 2023 (received on 5 May 2023). In respect of both flats, the period covered was 1 October 2022 to 3 April 2023 with arrears in both cases of £2,975.42. There were the same covering letters from Praxis concerning standing orders of £99.00 for each flat. He confirmed that his evidence was the same as that of Mr. Hays, and that he had continued with his standing order as he had not until that point received a statement/invoice or any annual service charge statements.

26. In addition, his evidence was that he did not receive any annual service charge statements until they were requested from Praxis in March 2024, when he was supplied with accounts for the following years: 2020 (dated 16 June 2021), 2021 (dated 14 June 2022), 2022 (dated 26 June 2023), 2023 dated (20 June 2024). Annual service charge statements for 2018 and 2019 have been disclosed in the current proceedings.

27. Rachel Everet (Flat 4) who provided evidence on the second day – the first invoice/statement received was dated 19 January 2024 for the period 30 November 2021 to 1 January 2024, consisting primarily of assigned debt showing arrears of £6,342.75. along with invoices/statements dated 14 and 26 June 2023. Ms Everett had no recollection of receiving any annual service charge statements.

28. Mrs. Everet is not shown as paying by standing order, and there is a single payment by her of £1,536.85 from her solicitors on 11 August 2023. Clearly, there must have been some notification of an amount due from her to lead to such a payment.

29. Lee Greenow (Flat 5) – the first invoice/statement received was dated 26 July 2023 for the period 24 March 2023 to 28 July 2023 showing arrears of £3,027.04. Mr. Greenow's payments were by standing order.

30. Geraint Davies (Flat 6) – the first invoice/statement received was dated 14 April 2023 for the period 1 October 2022 to 3 April 2023 showing arrears of £1,793.50. Mr. Davies' payments were by standing order.

31. Stuart Powell (Flat 7) – his evidence was that he advised Praxis of his change of address by telephone on 2 June 2022 and after a debt collection agency were in touch and queries over the name on the invoice he received nothing until an email on 9th January 2025 which included an invoice of 31 July 2024, but neither the email or any invoice were supplied at the hearing. There is an email of 2 June 2023 however, which states that there was attached a reminder letter, the finalised accounts for the period ending 31 December 2021 and an up-to-date statement of account. None were provided in the Applicants' bundle, but the Tribunal finds that Mr. Powell will have received these in June 2023.

32. Annamarie Price (Flat 8) – the first invoice/statement received was dated 14 April 2023 for the period 1 October 2022 to 1 April 2023 showing arrears of £2,384.18. Ms Prices' payments were by standing order.

33. Ieuan Davies (Flat 9) – he did not attend the hearing and was unable to confirm his statement, which is that the first invoice/statement he received was dated 3 January 2024 for the period 30 June 2023 to 1 January 2024 showing arrears of £357.07. This shows payments (not by standing order) on 20, 26 and 31 October 2023 however, which again suggests there must have been some notification of an amount due from him to lead to such a payment.

34. Ian Ryland (Flat 10) – the first invoice/statement received was dated 14 April 2023 for the period 1 October 2022 to 1 April 2023 showing arrears of £2,275.92. Mr. Ryland's evidence was that he had never received any

annual accounts up to this point. He had increased his standing order from £110.00 to £150.00 per month as from 1 January 2023, as the result of a letter from Praxis stating that he was £2,399.05 in arrears, to which he had responded by stating he would increase his service charge.

35. Paul Rowe (Flat 12) – the first invoice/statement received was dated 14 April 2023 for the period 1 October 2022 to 3 April 2023 showing arrears of £1,591.43.

36. Valerie George (Flat 13) – the first invoice/statement received was dated 14 April 2023 for the period 1 October 2022 to 1 April 2023 showing arrears of £1,537.95, with a covering letter asking her to increase her standing order. She had not received any annual service charge statements and would have remembered if they had been provided.

37. Niall Evans (Flat 14) – the first invoice/statement received was 26 July 2023 for the period 1 January 2023 to 1 July 2023 showing arrears of £718.46. The covering letter from Praxis of the same date states:

> *"Please find enclosed the audited year end accounts for the period ended 31 December 2022, along with your invoice which reflects the excess applied to your account as per your service charge apportion."*

From this the Tribunal concludes that annual service charge statement for 2022 was included, but Mr. Evans' evidence was that he had no recollection of previously having received this. Given that he purchased on 8 December 2022, he would not have done.

38. The invoice/statement, also shows the receipt of two quarterly interim charges of £75.00 each on 1 January and 1 April 2023, not paid by way of standing order. This suggests that Mr. Evans must have received something from Praxis stating his liability to pay such sums.

39. Michelle Bevan (Flat 11) – Ms Bevan gave evidence from Australia. Although her witness statement says that the first invoice/statement she received was on 26 July 2023, her testimony was that she received earlier invoices on request as she required them for tax purposes: 14 December 2020 and 12 January 2022, sent to her parents' address, but with no statutory information. She also received on request from Praxis, annual service charge statements, forwarded on by her parents: 2018 and 2019 (under cover of a letter dated 14 December 2020); 2020 (13 January 2022); 2021 (24 September 2022); 2022 (26 July 2023); and 2023.

40. There is clearly a substantial conflict of evidence. According to Mr. Nath and Mr. Khan, the practice of Praxis is that end of year accounts and invoice/statements would be posted to lease owners by first class post. Neither is in a position to verify that this is what happened before they began their employment with Praxis, however: Mr. Khan in March 2023 and Mr. Nath in January 2025. Against this, the evidence of the Applicants supports the view that, for whatever reason, invoice/statements were not sent to the tenants and that it was only from about April to June 2023 that they began to receive them. This would coincide with the appointment of Mr. Khan by Praxis. It is most unlikely that tenants who were paying by standing order would not have amended them to reflect a new interim service charge and an end of year balancing payment shown as due.

41. The evidence of several witnesses was that, when received, rights and obligations were printed on the reverse of the invoices/statements, but in English only. The copies in the Respondent's bundle show both English and Welsh, but the Tribunal prefers the evidence of the Applicants in this respect. In any event, according to the Respondent's copies, the English version is derived from the English regulations, not as set out in the Welsh regulations, as there is reference to "the First-tier Tribunal" rather than "a leasehold valuation tribunal", which would be a failure to comply with the Welsh regulations.

42. So far as the annual service charge statements are concerned, even Praxis' copies don't show any statutory information as having been included. On the first day, Mr. Nath stated that the end of year accounts did not require the statutory information, presumably because they did not constitute demands, unlike the invoice/statements. It is likely that was also the view of the Praxis employee(s) dealing with matters previously and supports the Tribunal's finding that until mid-2023 onwards such annual statements were not served, and prior to that only provided on request, such as with Mr. Hirst and Ms Bevan.

Service charge liability

43. In the light of the above, the Tribunal now turns to consider whether service charge liability has arisen in respect of the years 2018 to 2023 having regard to the terms of the Lease and the relevant statutory requirements.

44. In the Tribunal's view, service of the service charge statement provided for under paragraph 2(b) of the Third Schedule is a condition precedent for a tenant's liability to make payment, within 14 days "after being given the statement" under paragraph 4(b). Therefore, even if a invoice/statement had been served, with a debit item for "Excess Service Charge" for the preceding service charge year showing a balancing payment as due, this would not qualify as a service charge statement under paragraph 2(b) as it does not meet all the requirements of sub-paragraphs (i) to (v).

45. The Tribunal has found that annual service charge statements for each flat, which showed how the negative balance had been calculated, were not served until from mid-2023 onwards (though Ms Bevan is the exception to this as she received accounts for 2018 to 2022 on earlier dates, on request).

46. Even if the annual statements had been served earlier, the Applicants challenge whether they would qualify as service charge statements. The annual statement of service charges each contained the following:

> *"We have examined the various vouchers, receipts and other documents for the above period. In our opinion, the above gives a fair summary of costs incurred and complies with the requirements of section 21(5) of the Landlord and Tenant Act 1985, as amended by Schedule 2(5)(3) of the 1987 Act.*
> *Robert Quaye & Associates, 180 Chigwell Road, London, E181HA"*

47. The Applicants' case is that this does not amount to a valid certification as required by paragraph 2(b)(v) of the Third Schedule. They rely on two arguments.

48. First, that the above words are only an expression of "opinion", and do not amount to a certification. In the Tribunal's view, these are a standard form of words and amount to certification.

49. Second, the Applicants rely on *Powell & Co Investments Ltd v Aleksandrova & Alexander* [2021] UKUT 10 (LC) where the lease set out how the service charge was to be calculated and paid and that the liability of the lessee under the provisions of the lease "shall be certified by a Chartered Accountant to be appointed by the Lessor". The service charge accounts were certified by the managing agent and contained a report headed "Accountant's report of factual findings". The report recorded that an audit of the service charge accounts was not required under the terms of the lease and stated the specified procedures which were carried out by the accountant in order to provide a report of factual findings. The accountant's report of factual findings did not refer to the liability of any individual lessee. However, the certificate contemplated by the lease was a bespoke document for each lessee showing their individual liability. Martin Rodger QC, the Deputy President of the Upper Tribunal (Lands Chamber), stated that "what is missing is an account, certified by a Chartered Accountant, stating the individual lessee's share of the total expenditure, the payments made on account and the resulting shortfall or surplus". The function and legal effect of certification depend entirely on the lease wording, and there had been no certification as required by the lease. A failure to certify in an appropriate fashion by the person specified defeats recovery: the obligation to pay only arises on delivery of a properly certified account

50. Paragraph 2(b)(v) of the Third Schedule requires that the annual service charge statement is certified by a member of the Institute of Chartered Accountants in England and Wales (ICAEW). Mr Robert Quaye, MSc, FCCA has never been a member of ICAEW but has been a member of the Association of Chartered Certified Accountants (ACCA) and has held an ACCA practicing certificate for all the years between 2018 and 2024 inclusive. The Applicants contend that this is not sufficient for compliance with the terms of the Lease, which require certification by a member of ICAEW.

51. Mr. Brueton sought to distinguish *Powell* on two grounds. First, that the production of the certified accounts is not an express precondition for the triggering of the payment obligation on the part of the tenants. Rather, it is the service of the service charge statement which does that. Whilst the Third Schedule does prescribe the landlord's obligations in respect of what the service charge statement ought to contain, it does not provide for a service charge statement to be invalid or not payable merely by virtue of non-compliance with those terms. In the Tribunal's view, this is incorrect: on the proper construction of paragraphs 2(b) and 4, the delivery of a service charge statement which complies with paragraph 2(b) is an express precondition to trigger a payment obligation (see paragraph 44 above).

52. Alternatively, it was submitted that there has been sufficient compliance with the terms of the Lease so as not to render the statement invalid. It contains a certification by Robert Quaye & Associates. Mr Quaye is a member of the ACCA, which is one of the four professional accounting bodies. Whilst it is accepted that this is not in strict compliance with the terms of the Lease, in that Mr Quaye is not a member of ICAEW, he is nevertheless a member of a regulated accountancy profession and therefore able to comment on the accuracy of the service charge statements, which is the mischief at which clause 2(b)(v) of the Third Schedule is aimed at. It would be wholly disproportionate for the service charges to be rendered unpayable merely by virtue of the fact that Mr Quaye is regulated by another accountancy body. There is no evidence to suggest that his membership of ACCA rather than ICAEW rendered him less qualified to provide a certificate.

53. Nevertheless, the Tribunal considers that strict compliance with the terms of the Lease is what is required even if it should produce what might seem a disproportionate result. If the parties to the Lease had intended that certification by a chartered accountant, however qualified, would suffice, the reference to being a member of ICAEW could have been omitted. In the Tribunal's view the specification of such membership cannot be ignored and should be given its literal meaning. Further, there is no reason why a member of ICAEW could not have been instructed by Praxis to deal with the matter and certify accordingly.

54. Therefore, there is no service charge liability for the years 2018 to 2023, even where the annual statements were served, for example, when requested or provided by way of disclosure in these proceedings or in respect of the 2023 annual service charge statements which it is not disputed were served.

Limitation

55. The Applicants also rely on s 20B of the 1985 Act, which provides:

> *"20B Limitation of service charges: time limit on making demands.*
>
> *(1) If any of the relevant costs taken into account in determining the amount of any service charge were incurred more than 18 months before a demand for payment of the service charge is served on the tenant, then (subject to subsection (2)), the tenant shall not be liable to pay so much of the service charge as reflects the costs so incurred.*
>
> *(2) Subsection (1) shall not apply if, within the period of 18 months beginning with the date when the relevant costs in question were incurred, the tenant was notified in writing that those costs had been incurred and that he would subsequently be required under the terms of his lease to contribute to them by the payment of a service charge."*

56. For the purpose of s. 20B(1), "a demand" must be a contractually valid demand, see: *No. 1 West India Quay (Residential) Limited v East Tower Apartments Ltd* [2021] EWCA Civ 1119 and *Parmar v 127 Ladbroke Grove Limited* [2022] UKUT 212 (LC). If the demand is contractually valid, but omits the statutory information, the defect can be cured by the service of a fresh demand accompanied by a summary of rights and obligations, and the demand will be deemed for the purposes of section 20B(1) to have been served when originally sent out. The position is different where, as here, the demand is contractually invalid, however. A later correction of the demand will only have effect from service of the valid demand, and it will not validate the previous, invalid demand, see: the First-tier Tribunal decision in *Dhalla v Price* (LON/00AX/LSC/2024/0115) at [45 – 46].

57. Accordingly, in the present case, for the purpose of stopping time running under s. 20B(1), once the 18-month period has expired, the service of a new annual service charge statement certified by an ICAEW chartered accountant (with the statutory information) will have no effect. For relevant costs incurred in the years 2018 to 2023, necessarily all such costs must by now have been incurred more than 18-months before any new demand could be served for any of those years, so there can be no liability even if

fresh, contractually valid demands were served. As stated in s. 20B(1), the consequence is that "the tenant shall not be liable to pay so much of the service charge as reflects the costs so incurred". Since there is no liability there can be no deductions of payments made on account during the service charge year to produce a balancing figure.

58. If there is no liability for relevant costs in those years, there can be no liability for interim payments towards those costs either. Although paragraph 4(a) of the Third Schedule provides that where a service charge statement shows a positive balance, the Landlord must pay that sum to the Tenant when giving that statement, for the reasons set out above, there are no contractually valid service charge statements for 2018 to 2023. No provision is made in the Lease as to how payments on account are to be treated in such circumstances and whether they continue to stand to the credit of the Tenant's service charge account, to be accounted for in future reconciliations where there is a valid service charge statement, or are repayable to the Tenant. The Tribunal will not determine that point as it goes beyond determining service charge liability. Even if there are interim payments which are repayable however, the Tribunal does not have jurisdiction under s. 27A to make an order for payment as sought by the Applicants, which is a matter for the County Court.

Further issues

59. There were several further issues raised by the Applicants which, strictly speaking, are superseded by the Tribunal's above findings concerning liability for 2018 to 2023. Nevertheless, since the Tribunal was addressed at length concerning such matters and for the sake of completeness, they will be dealt with.

Electricity charges

60. The payability and reasonableness of utility charges form part of the application and are summarised at paragraphs 2b and 2c of the Scott schedule with the following comments:

- Electricity Fees unreasonable/Billing was out of contract.
- Using bills from an independently supplied flat in the same building the fees would have been much less.
- Proven by G&O belatedly switching supplier to E-on
- December 2022 Invoice incorrectly states amount to be paid as balance.
- December 2022 Gas Invoice Double counting

61. The invoices from Opus for Electricity in the period 7th Dec 2019 to 12th Dec 2022 are provided at pages 94 to 140 of the bundle. The invoice dated 27/12/2023 from the new supplier E-on was also produced at page 160 of the bundle.

62. The first task was to identify the sums which were invoiced and which were payable. Each invoice supplied in evidence contains a handwritten note stating, “pay this” or “pay new charges”. Initially, the reason for these notes was not clear to the Tribunal but eventually explained as identifying the sums payable for energy charges used for that period only. The outstanding historic debt remained unpaid. This was the case for all years up to the invoice on 12/12/2022 when, for the first time, the handwritten note stated, “full balance needs to be paid”. This relates to the entire sum of £8,151.57 rather than the usual periodic charge which, for that month, was £1,981.27. The Applicants maintain that using the correct charge for that month (as per earlier invoices), the total for 2023 should be £18,514.78 and not £24,685.08 as billed. An overcharge of £6,170.30.

63. Mr Arjun and Mr. Khan were questioned as to how the historic debt had been allowed to accrue. They were also questioned as to why the invoices for 2022 were significantly higher than in earlier years and 2023. No satisfactory explanation was given, and it remains unclear why. In mitigation, they advised that they were unable to settle the historic debts as there was no money available. They also stated that OPUS would not allow them to change tariff whilst the account was still in deficit.

64. Praxis was then asked to explain why there were multiple invoices either credited/cancelled or revised invoices generated in the year 2022/2023. The evidence was that this was due to “expensive invoices received in 2022 from Opus Energy” and therefore a full account statement was requested from the supplier.

65. A revised statement for the service charge year ended 31st December 2023 was produced totalling £11,116.70. There are no invoices for this period and therefore the total amount for the year cannot be verified. However, this does not appear to be disputed by the Applicants. A credit of £5,867.66 was applied to the total for overcharge in 2022. This may help to explain the excessive charges in 2022. The remining balance of £5,249.04 is charged as an expenditure in the balance statement for 2023 to be collected through year end/excess service charge demand for the service charge period.

66. It was confirmed by Praxis that a sum of £6170.30 was written off by Opus energy on 17/12/2023. The reason why they would write off the debt is unclear. The Respondent stated that Opus withdrawing from the Gas supply business was a primary reason. However, writing off a debt on that basis alone does not seem plausible. Nevertheless, there is no alternative explanation. Praxis stated that the current position was that all historic debt issues had been resolved through a combination of writing off the debt or balance payments by Praxis. The statement of account as at 22/03/2024 has an account balance of £650.06.

67. The Applicants' assertion that the bills were unreasonable is based on the comparable utility charges of Flat 13 which is located in the same building but independently serviced. It was conceded that the utility bills did not include charges for common areas as is the case for all other flats in the development. Praxis also added that it is not possible to distinguish the usage of individual flats. Some might have excessive use, others much less.

68. The Applicants also sought to rely on national statistics on comparable energy charges for the relevant years.

69. Given the overcharges totalling £12,037.96 for 2022, it is clear electricity charges for 2022 were excessive and therefore unreasonable. The Tribunal does not find that electricity charges for the remaining years are excessive and therefore not proven to be unreasonable.

70. In summary:

70.1. There is an overcharge of £6,170.30 on the 12/12/2022 invoice which was not refunded by Praxis. This sum should have been refunded to the leaseholders in the December 2022 statement.

70.2. At review in 2023, it became apparent that Opus had over charged in 2022 and accordingly the sum of £5,867.66 was credited in the 2023 statement, reducing the total charges from £11,116.70 to £5,249.04.

70.3. The total money to be credited to the leaseholders is therefore £12,037.96. The statements of account for the relevant years are adjusted accordingly.

70.4. A further sum of £6,170.30 was written off by Opus in December 2023, thereby reducing the historic debt of the leaseholders.

71. Based upon written submissions and oral evidence given at the hearing and using its own judgement, the Tribunal concludes that the gross electricity charges payable for the respective years are:

71.1.	2018	£4,723.03
71.2.	2019	£6,073.84
71.3.	2020	£7,254.80
71.4.	2021	£6,979.49
71.5.	2022	£18,514.78 (£24,685.08 -£6107.30)
71.6.	2023	£ 5,249.04 (£11,116.70 - £5867.66)

Gas charges

72. The Tribunal was again tasked with identifying the sums which were invoiced and which were payable. As with the Electricity charges, each invoice contains a handwritten note stating, “pay this’ or pay new charges”, which were the sums payable for energy charges used for that period only. The outstanding historic debt remained unpaid. This was the case for all years up to the invoice on 12/12/2022 when again, for the first time, the handwritten note, “full balance needs to be paid”. This relates to the entire sum of £4,047.01 rather than the usual periodic charge which, for that month, was £1,850. The Applicants maintain that using the correct charge for that month (as per earlier invoices), the total for 2022 should be £10,172.98 and not £12,369.99 as billed. An overcharge of £2,197.01.

73. Mr. Arjun and Mr. Khan were again questioned as to why the invoices for the period 2022 were significantly higher than earlier years and 2023. No satisfactory explanation was given, and it remains unclear why.

74. They were then asked to explain why there were multiple invoices either credited/cancelled or revised invoices generated in the year 2022/2023. There was the same confusion as applied to the electricity charges. Praxis stated that this was due to “expensive invoices received in 2022 from Opus Energy” and therefore a full account statement was requested from the supplier.

75. The total gas invoices to December 2023 amounted to £6,536.67. Following disputed charges and incorrect invoices, a credit of £4,936.09 was applied leaving a balance of £1,600.58 to be charged as an expenditure to be collected through year end service charges. It then transpired that there was an error in the calculations in that the incorrect amount of £4,936.09 had been credited rather than the correct figure of £2,574.59. Accordingly, the over payment of £2,361.50 needs to be charged to the gas charges for 2023.

76. The applicant’s assertion that the gas charges were unreasonable is again based upon comparable charges for flat 13 and reference to National Statistics.

77. Given the overcharges totaling ££2,197.01 for 2022, it is clear gas charges for 2022 were excessive and therefore unreasonable. The Tribunal does not find that gas charges for the remaining years are excessive and therefore not proven to be unreasonable.

78. In summary:

78.1. The over charge of £2,197.01 is to be refunded for the 2022 accounts thereby reducing the amount from £12,369.99 to £10,172.98.

78.2. The over credit of £2,361.50 to be added to the 2023 statement of account increasing the sum due from £1,600.58 to £3,962.08.

78.3. The total gas charges to be added to the leaseholders account is therefore £164.49 (£2,361.50 - £2,197.01).

79. The statements of account for the relevant years are adjusted accordingly.

79.1.	2018	£2910.51
79.2.	2019	£4,568.80
79.3.	2020	£4,661.59
79.4.	2021	£4,933.92
79.5.	2022	£10,172.98
79.6.	2023	£3,962.08

Water charges

80. The only reference to the water supply is an email from Mr. Hurst to Praxis dated 15th April 2019 alerting them of a notice from Welsh Water issuing a warning that the premises was at risk of disconnection. Praxis responded by stating that they had notified Welsh Water of the change in management and requested to set up a payment account accordingly.

81. No submissions were made on the payability or reasonableness of the water charges from Welsh Water. The Tribunal therefore makes no determination.

Insurance charges

82. The cost of the insurance premium is raised by the applicants under paragraph 2a of the Scott Schedule for the years 2019 to 2023.

83. In order to demonstrate that the insurance premium charged by Praxis was excessive, the Applicants sought comparable estimates from four different insurance companies in 2024. The quotations ranged from £3842 to £5042 with an average of £4,499. This equated to 68.36 % when compared to the premium charged by Praxis for that year. The Applicants proposed that insurance premium for all years are adjusted to 68% of the amount charged.

84. Praxis' position was that the quotations were not comparable in terms of cover, and the Applicants sought to disprove this by issuing all relevant information to an independent FCA-regulated broker for assessment. In an email dated 4th December 2025, the broker stated that *"*none of the clauses identified by the Respondents are unique, exceptional, or specialist". It was further confirmed that the terms relied upon by Praxis are "standard industry-wide inclusions and form part of ordinary commercial block-of-flats insurance policies".

85. In its response, Praxis submitted that the comparable quotations would have had no knowledge of the claims history which may have impacted upon the quotations. Whilst this is true, no evidence was presented of any previous claims and whether they impacted the premium or not.

86. At the third hearing Mr. Brueton accepted quotations were in fact made on similar terms.

87. On balance, the Tribunal accepts the evidence of the Applicants that lower premiums were available. Whilst Praxis is not bound to accept the lowest quotation, the evidence from the Applicants was that all four comparable quotations were lower and therefore it would have been a "reasonable expectation" for the manager to accept a quotation somewhere in the middle rather than the most expensive quotation. The reasonable sum payable is 68% of the premium charged.

88. Accordingly, the Tribunal determines that the insurance premium payable for the respective years are:

88.1.	2019	£3,807.32
88.2.	2020	£4,315.96
88.3.	2021	£4,624.00
88.4.	2022	£4,200.36
88.5.	2023	£4,731.44

Management Fees

89. This is raised at item 2d of the Scott Schedule, relating to Praxis' management charges for the years 2021, 2022 and 2023, with a reduction from £2,300.00 to £109.52 for 2021; £2,520.00 to £945.00 for 2022; and £2,650.00 to £1,104.17 for 2023. It is not clear how such reductions have been calculated, and it would seem the Applicants accept that Praxis performed services having some value, but that there should be a deduction having regard to breaches of the Lease. Some details were set out for the first time at paragraph 17 of the Applicants' initial skeleton argument, concerning alleged breaches of the repairing obligations under Schedule 4 to the Lease (services to be provided) although particulars of the breaches were incomplete. In the Tribunal's view, that is too late to enable G&O to deal with such matters and no findings are made in respect of such alleged breaches. Accordingly, no adjustment is made to the management fees.

Audit fees

90. It is not disputed that in the absence of an express requirement in the Lease, no audit is required or was carried out. The reference in the summary of expenditure to an annual "audit fee" is to Robert Quaye & Co.'s fee for consideration of the relevant documents and certification. Given that

the chartered accountant did not have the professional qualification required by the Lease such expenditure was not reasonable.

Interest charges and fees for letters

91. As regards interest, under clause 3.4 there is a Tenant's covenant to pay interest (as defined by clause 1.3) on rent (defined by clause 2.1 as including the service charge) in arrears for more than 14 days. Since there is currently no service charge liability for 2018 to 2023, there can be no arrears and no obligation to pay interest.

92. Concerning letters, there have been no charges for Praxis writing letters.

Expenditure of reserves

93. S&M's closing accounts to 28 May 2018 show a total reserve fund of £6,871.84. Thereafter, the accounts show no further sum as a contribution to reserves as part of the service costs and the reserve fund has now been exhausted, apparently due to Praxis having used such funds to meet outgoings due to a shortfall of any other funds. The Applicants contend that this is a breach of trust and that the reserve fund has been spent in paying for something outside "the reserve works" as defined by paragraph 1 of the Fifth Schedule.

94. In *Solitaire Property Management Co Ltd v Holden* [2012] UKUT 86 (LC), the Upper Tribunal held that neither a First-tier Tribunal nor the Upper Tribunal had jurisdiction to embark upon a breach of trust inquiry in circumstances where such inquiry was not necessary to decide a question arising under section 27A. Further, it had no jurisdiction to require the landlord to make good trust monies which had been wrongly spent. The Tribunal has no jurisdiction to order payment.

95. Therefore, the Tribunal cannot make any finding in respect of a claim based on an alleged breach of trust, and it is not necessary for it to do so for the purpose of determining the Applicants' service charge liability under s. 27A of the 1985 Act. Any such claim would have to proceed in the County Court.

Costs

96. The Applicants have indicated that they wish to make applications in respect of costs, which fall into two categories. First, the Applicants, or some of them, wish to have a costs order against G&O in respect of their costs incurred in these proceedings. They have relied on rule 13(1)(b) of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013, but such rules do not apply in Wales. The relevant costs provisions are paragraph 10 of Schedule 12 to the Commonhold and Leasehold Reform Act 2002, where the maximum amount recoverable is £500.00.

97. Second, under section 20C of the 1985 Act, where the lease permits the recovery of costs as a service charge the Tribunal may order that some or all the costs incurred by the landlord in connection with the Tribunal proceedings are not to be included in the service charge payable by the tenant. The Tribunal may make such order as it considers equitable and regard will be had to what extent the tenant has been successful and the proportionality of any reductions, together with any other relevant factors. In making an order under s. 20C the Tribunal makes no determination as to the amount of costs that are actually recoverable under the terms of the Lease, or whether such costs were reasonably incurred or reasonable in amount. Any challenges on those grounds would have to be dealt with on an application under s. 27A.

98. In respect of both applications in respect of costs, the following directions will apply.

98.1. The **Applicants** should serve written submissions by email to the Tribunal and the G&O's solicitors by **5.00 pm on 22nd June 2026** together with details of any costs claimed, supported by evidence of expenditure.

98.2. **G&O** is entitled to reply by written submissions to be served by email on the Tribunal and the Applicants by **5.00 pm on 6th July 2026**.

98.3. The **Applicants** are entitled to respond by written submissions to be served by email on the Tribunal and the Respondent's solicitors by **5.00 pm on 20th July 2026**.

99. There will then be a paper determination by the Tribunal on such issues

Dated this 8th day of June 2026
Colin Green (Chairman)