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Case Reference	:	**CAM/12UE/LSC/2013/0075**
Property	:	**23 Redmoor Close, St Ives, Cambs PE27 3WN**
Applicant	:	**Mohammed Hafiaz and Yasmeen Hafiaz** **Represented by Mr Hafiaz**
Respondent	:	**Luminus Homes** **Represented by Mr Christopher Green Of Brady Solicitors and Mick Swann, Revenue Manager**
Date of Application	:	**28th May 2013**
Type of Application	:	**Landlord & Tenant Act 1985 section 27A Determination of reasonableness and payability of service charges**
Tribunal	:	**Tribunal Judge G M Jones** **Mr R Thomas MRICS** **Ms C St Clair MBE BA**
Date and venue of Hearing	:	**Friday 20th September 2013 at Huntingdon Law Courts**

DECISION

ORDER

UPON HEARING the Applicants in person and Solicitor for the Respondent

IT IS DECLARED THAT:

1. The charges rendered by the Respondent to the Applicants as tenants of 23 Redmoor Close, St Ives, Cambridgeshire PE27 3WN under the heading staffing costs for years ending 31st March 2010-11-12-13 and the estimated charge for year ending 31st March 2014 are not payable by the Applicants and the Applicants are accordingly entitled to a credit of £315.94 against their service charge account.

AND IT IS ORDERED THAT:

2. The Respondent shall not be entitled to include in any service charges in respect of the development including 23 Redmoor Close (as defined in the lease thereof) any costs of or occasioned by the Application the Tribunal considering it just so to order pursuant to section 20C of the Landlord & Tenant Act 1985.

3. The Respondent shall forthwith reimburse the Applicants in respect of the Application and Hearing fees in the sum of £200 the Tribunal considering it just so to order pursuant to Rule 13(2) of the 2013 Tribunal Procedure Rules.

Tribunal Judge G M Jones
Chairman

21st October 2013

REASONS

0. BACKGROUND

The Property

0.1 The property which is the subject of this application is a one-bedroom flat in a purpose-built block of four in a social housing development dating from the 1980's or thereabouts. The structure of the building is in fair condition for its age. Inside is a reasonably sized flat typical of social housing properties of this type and age. At the rear of the building is a small enclosed garden area serving the four flats only. In this garden is a locked shed where the Respondent's maintenance staff can store tools and equipment. Attached to the end of the block is a freehold house.

The Lease

0.2 The lease dated 25th October 1999 is a typical "right-to-buy" lease for a term of 125 years from the date of the lease at a rent of £10 per annum subject to seven-yearly rent reviews in line with inflation. In the circumstances of this case there is need to consider only one other aspect of the lease, namely, the provisions, part of the service charge arrangements, related to assessment of management charges.

0.3 By clause 4(i) the lessee is to contribute a proportionate part of the amount incurred by the lessor in respect of all costs charges and expenses incurred by the lessor in complying with the covenants in clause 3(ii), such proportionate part to be calculated either as the proportion which the net rateable value (NRV) of the flat bears to the aggregate NRV of the flats and garages forming part of the development; or by some other method which the lessor in its absolute discretion considers is a fair and reasonable alternative ... Clause 4(ii) provides for payment on account. By clause 4(iii) the lessee must also pay to the lessor such other sums as may be specified in part II of the Schedule as payable by the lessee to the lessor or the managing agents as appropriate.

0.4 By clause 3(ii) the landlord covenants to observe and perform the covenants and other matters set out in the Schedule. Part I of the Schedule sets out in fairly standard terms the landlord's usual obligations to insure the block and maintain the structure, common parts, common service media etc. Part II sets out how this is to be managed. There is provision for a sinking fund. By paragraph 5 of Part II –

> "If and so long as the Lessor does not employ managing agents in respect of the Development it shall be entitled to add a sum not exceeding 15% to any of the items referred to in Part I ... in respect of its management charges."

0.5 There is no express term permitting the landlord to employ a managing agent; but it is clear by necessary implication, bearing in mind the references in the lease to managing agents, that the Respondent is entitled to employ a managing agent. The Respondent, however, does not employ a managing agent and does add 15% to items referred to in Part I of the Schedule in respect of its management charges. In addition, it renders a charge for what it calls "staffing costs". It is apparent that this is intended to cover the costs associated with the provision by the Respondent's staff of managerial and administrative services at Redmoor Close. We shall return in due course to this point which, as will be seen, requires further detailed examination.

0.6 Two other provisions of the Schedule have been referred to in argument. The first is Part II paragraph 4, which permits the landlord or managing agent "to employ contractors to carry out any obligations under this Lease and if any repairs redecorations renewals maintenance or cleaning are carried out by the Lessor itself it shall be entitled to charge as the expenses thereof its normal charges (including establishment charges) in respect thereof".

0.7 Secondly, by paragraph 9 of Part I of the Schedule the landlord covenants to "carry out any work or take any action not referred to in this Schedule which in the opinion of the [Lessor] is in the interest of the Lessee or of the Development as a whole".

1. THE DISPUTE

1.1 The issue before the Tribunal is whether the Respondent is entitled to charge to the lessees, in addition to the 15% management charge, a further sum for "staffing costs" and, if so, whether the charges rendered represent costs reasonably incurred. As it happens, Mr Hafiaz is a solicitor well known to the Tribunal as having considerable expertise in service charge disputes. He has set out his arguments in what is, in effect, a skeleton argument on which he elaborated in oral submissions. The Respondent through its solicitors has responded in similar vein. Thus the Tribunal has the benefit of careful analysis and detailed argument on both sides, for which the Tribunal is grateful.

1.2 The Applicants have refused, as a matter of principle, to pay items in the service charges for 2009-10 and in following years under the heading staffing costs. Over a period of four years up to and including 2012-13, the total sum involved is £235.13. The figure for 2013-14 is estimated at £62.81.

2. THE ISSUES

2.1 The Respondent in its statement of case makes lengthy submissions about the test to be applied in deciding whether service charge costs have been reasonably incurred. The Tribunal is, of course, familiar with these principles. The issues here, however, appear to be whether costs were reasonably incurred in the performance of the Respondent's obligations under the lease and, if so, whether the Respondent is entitled to render a separate charge over and above the 15% expressly permitted by the lease. The burden of proving that charges rendered represent costs which were incurred in performance of the Respondent's lease obligations and that they represent a reasonable assessment thereof lies upon the Respondent.

2.2 It would be difficult to argue (though the Applicants do hint at such an argument) that a charge of around £60.00 per annum for services provided by staff would be unreasonable in itself. For year ending 31st March 2013 the 15% management charge amounts to only £23.98 out of a service charge total of £246.65. The total of the management charges and staffing costs is £86.79. These are modest figures, on any view and, as the Respondent points out, significantly below the minimum that any reputable commercial managing agent would charge. Nevertheless, the Respondent cannot be entitled to recover the sums claimed unless the costs were incurred and reasonably incurred and unless such recovery is permitted by the lease.

2.3 The Respondent's statement of case explains that staffing costs in fact comprise the costs incurred by the landlord in providing accounts to leaseholders; dealing with leaseholder queries; recovery of arrears; stationery; postage; office space; lighting; telephones; and similar expenses. The Respondent's primary case is that these are its normal establishment charges and thus recoverable under Part I paragraph 4 of the Schedule. Presumably the charges are "normal" in the sense that similar charges are included in service charges claimed from weekly social tenants.

2.4 The Respondent's secondary case is that it is entitled to recover all such costs pursuant to Part) paragraph 9 of Part 1 of the Schedule, in which event it would be entitled to recover another 15% of such costs by way of management charges.

2.5 The Applicants rely upon eight reasons why the staffing costs are not payable by them. They say the staffing charge is –

(i) Not payable under the terms of the lease;
(ii) Not payable under general service charge law;
(iii) Not payable in any event as Part 6 of the Housing Act 1986 sets out the payments which the leaseholder is due to pay and such payment is not included therein;
(iv) Vague and not properly calculated;
(v) Unreasonable as it fails to reflect the work carried out by the Respondent to the development in each disputed service year;
(vi) Includes a charge for office equipment materials office space and staffing (RSOC pg 99) which are overheads of the Respondent as a whole;
(vii) Includes costs for which there is no covenant to pay. The Respondent in addition to the services provided under the lease has:
    a. Prepared a 14 page colour newsletter on annual basis and distributed this by first class post to the Applicants and presumably all leaseholders;
    b. Issued a rent payment card (which presumably was designed for social tenants);
    c. Wrongly requested details of subletting from the applicants (and presumably all long leaseholders) – where the Right to buy leases do not prohibit sublettings – and maintained a data base of all such sublettings;
    d. Invited the applicants to attend conferences where that invitation only properly applies to social tenants.

2.6 The Applicants suggest that the Respondent is attempting to recover from leaseholders some of the costs of dealing with its own social housing tenants. The Applicants sought from the Respondent a long list of information designed to tease out the amount of costs actually incurred by the Respondent and the method of allocation between the social housing budget and the service charge to leaseholders. The Applicants question what is meant by "establishment charge" in paragraph 4 of Part I of the Schedule. They point out that this charge appears to be payable only when the Respondent carries out repairs, redecorations, renewals, maintenance or cleaning, none of which it has done since 2008-9. They say there has been very little for the Respondent to do since then. They raise other subsidiary points.

3. THE HEARING AND THE EVIDENCE

3.1 Documents before the Tribunal show that the Respondent has provided the Applicants with a swipe card designed to facilitate the payment of rent by weekly tenants, but which could, presumably, be used to pay ground rent and service charges. The Respondents has as alleged told leaseholders including the Applicants that they needed the permission of the Respondent to sublet and demanded information about sublettings. The Applicants do not require permission in order to sublet their flat; but they are under an obligation to register any subletting and provide a certified copy of the tenancy agreement. However, it is far from obvious that any significant sums were wasted on either of these activities.

3.2 In addition, the Tribunal was shown a copy of the newsletter produced and distributed by the Respondent. It appeared to contain information useful to all residents and to leaseholders as well as to weekly social tenants. This is, perhaps, the sort of additional activity that might be considered to fall within paragraph 9 of Part I of the lease Schedule, provided the costs were reasonable.

3.3 By the start of the hearing the Respondent had not provided the information sought by the Applicants nor, indeed, any information that would enable the Applicants or the Tribunal to establish the actual cost of the services provided as a whole or to assess whether the apportionment had been carried out in accordance with the terms of the lease. The Tribunal attempted to ascertain whether the necessary information was available. The Respondent's representatives were unhelpful. It appeared to the Tribunal increasingly likely that the "staffing costs" represented an assessment of the whole cost to the Respondent of managing the building containing the Applicants' flat. It became apparent that the Respondent was not intending to provide any such information. Ultimately, the Tribunal ordered the Respondent's representatives to make enquiries with the accounts department during the lunch break and obtain copies of the relevant section of the Respondent's accounts.

3.4 As a result the Tribunal saw notes to the financial statements for years ending 31st March 2009 to 2013 inclusive. The notes before us showed the Respondent's total income and expenses and the breakdown of that income and expenditure between various sources, one of which was leaseholds. Also provided was a spreadsheet listing staffing costs for years ending 31st March 2010 to 2014 as charged to leaseholders and showing under what headings costs were included for 2009-10. There is also a breakdown of the percentage of time various members of staff spent on leasehold matters. The information needed to calculate the cost per leasehold property (£57.97) is incomplete; but much can be gleaned from the document.

3.5 Firstly, it became clear that a careful exercise was carried out to ensure the correct apportionment of costs to leasehold properties. Secondly, it was clear that the intention of the exercise was to identify, include and apportion all costs, including the cost of office space, incurred in dealing with leasehold properties. So far as the Respondent was able to do, the exercise was designed to cover all and any expenses incurred by the Respondent in the management and administration of their leasehold estate. As it happens, there were no major works carried out during the years in question. In the event there were such works, it might be thought that 15% of the cost would be more than enough to cover the cost of supervising those works.

3.6 It might be the case that, in years where costs were incurred in major projects of maintenance or repair, an external architect or surveyor might be employed whose costs would represent part of the reasonable cost of the works. In that event, a further 15% would be more than enough (probably too much) to cover the Respondent's direct costs. The lease provides for that because the management charge is not fixed at 15%; it is merely capped at 15%. But there were no such projects in the years in question. No other management or administration costs were identified It was not entirely clear whether the Respondent's representatives accepted that this is the case; but the Tribunal can think of none.

3.7 On the other hand, there was no reason to suspect that the exercise of identifying and allocating costs was flawed or that the allocation was unfair or unreasonable to leaseholders in general or to the Applicants in particular. That concern on the part of the Applicants appeared to have been laid at rest, on the balance of probabilities. It was also clear, on that basis, that the actual costs of managing and administering the leasehold estate exceeded 15% of the total service charge.

3.8 This left the Tribunal with a very clear-cut but not necessarily simple decision to make. Was the Respondent entitled to charge the Applicants a 15% management charge plus the staffing costs; only the 15% charge; or only the staffing costs?

3.9 There is thus, as it turns out, no significant dispute as to fact in this case. There is accordingly no further need to review the evidence. The issue depends upon the construction of the lease. The Tribunal's application of sections 18 and 19 of the Landlord & Tenant Act 1985 will be relatively straightforward once the true construction of the lease has been determined.

4. THE LAW

Service Charges

4.1 Under section 18 of the Landlord & Tenant Act 1985 (as amended) service charges are amounts payable by the tenant of a dwelling, directly or indirectly, for services, repairs, maintenance, improvement, insurance or the landlord's costs of management.

4.2 Under section 19 relevant costs are to be taken into account only to the extent that they are reasonably incurred and, 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. Where a service charge is payable before the relevant costs are incurred, no greater amount than is reasonable is so payable. Obviously advance service charges are only an estimate; but it must be a reasonable estimate.

4.3 Under section 27A the Tribunal has jurisdiction to determine whether a service charge is payable and, if so, the amount which is payable; also whether, if costs were incurred for services, repairs, maintenance, improvements, insurance or management of any specified description, a service charge would be payable for those costs and, if so, the amount which would be payable. Thus the Tribunal clearly has jurisdiction to decide the issues in the case.

4.4 In deciding whether costs were reasonably incurred the Tribunal should consider whether the landlord's actions were appropriate and properly effected in accordance with the requirements of the lease and the 1985 Act, bearing in mind RICS Codes. If work is unnecessarily extensive or extravagant, the excess costs cannot be recovered. Recovery may in any event be restricted where the works fell below a reasonable standard. Nevertheless, however, reasonable costs may be, they cannot be recovered unless the lease permits it.

Right to Buy Leases

4.5 The Housing Act 1985 section 139 provides that any grant of a lease executed in pursuance of the right to buy must conform with Parts I and III of Schedule 6. Schedule 6 contains provisions relating to service charge obligations. Paragraph 11 provides that the rent shall not exceed £10 per annum, which precludes the operation of the rent review clause in the lease.

4.6 Paragraph 16A provides that the lease may require the tenant to bear a reasonable part of the costs incurred by the landlord –

(a) In discharging or insuring against the obligations imposed by the covenants implied by virtue of paragraph 14(2) (repairs, making good structural defects, provision of services, etc.), or
(b) In insuring against the obligations imposed by virtue of paragraph 14(3) (rebuilding or reinstatement etc.), ...

There appears to be no statutory restriction on the services the landlord may provide; but costs can be recovered from leaseholders only if reasonably incurred.

4.7 Paragraph 17 provides (with certain exceptions not relevant here) that a provision of the lease, or of an agreement collateral to it, is void insofar as it purports to prohibit or restrict the assignment of the lease or the subletting, wholly or in part, of the dwelling-house. Thus the Respondent's assertion in its documentation that permission is required for assignment or subletting is not only wrong (because the lease does not so provide), it would (if true) be unlawful.

Costs

4.8 The Tribunal has no general power to award inter-party costs, though a general power now exists under Rule 13(1) of the Tribunal Procedure (First Tier Tribunal) (Property Chamber) Rules 2013 to make costs orders where costs are wasted or a party has acted unreasonably. In general, if the terms of the lease so permit, the landlord can recover legal and other costs of an application to the Tribunal from the tenants through the service charge provisions i.e. he is entitled to recover a contribution to such costs not only from the defaulting tenant but from all tenants.

4.9 However, under section 20C of the Act of 1985 the Tribunal has power, if it would be just and equitable so to do in the circumstances of the case, to prevent the landlord from adding to the service charge any costs of the application. The Lands Tribunal in the case Tenants of ***Langford Court –v- Doren Ltd*** in 2001 said that the Tribunal should use section 20C to avoid injustice. Clearly the manner in which this discretionary power is (or is not) exercised will depend upon the facts of the case.

4.10 In addition, under Rule 13(2) of the 2013 Rules SI 2013/1169 the Tribunal may order a party to reimburse the Applicant in respect of application and hearing fees. This power is likely to be exercised in cases where the applicant is substantially successful, unless he has been guilty of unreasonable conduct in connection with the application, e.g. where he has unreasonably rejected a proposal for mediation or a fair and proper offer of compromise.

5. DISCUSSION AND CONCLUSIONS

5.1 It is fair to say that the Respondent's responses in correspondence to the issues raised by the Applicants were obscure and confusing. It was not until half way through the hearing that sufficient information became available to analyse with any reasonable degree of confidence the basis on which the charges to the Applicants were assessed. However, in the end, the Tribunal is satisfied that it has sufficient information to reach a just determination of the issues before the Tribunal.

5.2 The Respondent's "staffing costs" are assessed with the intention of including all costs actually incurred by the Respondent in the management of their leasehold estate. If there are any items missing that was an error which can be addressed in future years. The working time of various staff is allocated between leasehold, social housing, garage lettings etc. The total allocation to leasehold estate for 2009-10 was £23,477.85, which was divided between 405 leasehold units to give a figure per flat of £57.97. The same figure was used in 2010-11 and 2011-12, when costs were at a very similar level. For 2012-13 an inflation increase of 5.6% was applied, giving a figure of £61.22 per flat, though that appears to be a bit lower than the actual assessed costs for that year. For 2012-13 a further increase of 2.6% was applied, giving a figure of £62.81.

5.3 In the event there were to be a major works project at Redmoor Close, and that project were to involve the Respondent's staff (perhaps the in-house surveyor and the property manager) in substantial work, the scheme of the lease permits the Respondent to render a separate charge. Such an item would, of course, have to be separately charged because it would not be reasonable or in accordance with the lease terms to spread such costs across the whole of the Respondent's leasehold estate. One might reasonably describe such costs as direct costs of the project, to be contrasted with the general staffing costs. Paragraph 4 also permits the Respondent to render establishment charges associated with the employment of in-house maintenance staff. This provision reflects the fact that an outside contractor would build such costs into his quotation.

5.4 The Applicants do not deny that the Respondent is entitled to make a reasonable charge for the work done by its staff. A commercial managing agent would build such costs into its fee structure and the Respondent is permitted to do the same through the rather different accounting system employed by social housing landlords. The Applicants, however, argue that such charge is capped at 15% of direct costs by the provisions of paragraph 5 of Part II of the Schedule. They contend that staffing costs fall within the definition of "management charges" in that paragraph. The paragraph applies only where no managing agent is appointed and thus encompasses everything that would be included in a managing agent's fee.

5.5 The Tribunal accepts this submission. Taken by itself, the language of paragraph 5 appears to lead inexorably to that conclusion. However, the lease must be construed as a whole, interpreting the words of the lease within its factual matrix and having regard, in case of ambiguity, to the need to achieve commercial efficacy. The Tribunal must consider whether other aspects of the lease demand a different construction of paragraph 5. If, however, the paragraph is to be construed so as to exclude staffing costs from the definition of management charges, the Respondent must show under what other provision of the lease staffing costs may be charged.

5.6 Much of the lease is of no assistance. However, the Respondent has drawn our attention to two other paragraphs of the Schedule. Under paragraph 9 of Part I the landlord may carry out any work or take any action not referred to in the Schedule which in the [reasonable] opinion of the [landlord] is in the interest of the lessee or of the development as a whole. The Tribunal finds that this paragraph does justify the publishing of the newsletter, which is an item not referred to in the Schedule. However, management charges are referred to in paragraph 5 of Part II and, unless staffing costs are not management charges, they cannot be charged under paragraph 9 of Part I. The Respondent argues that there is a distinction between direct management charges and staffing costs; but its own accounts demonstrate that the Respondent has included all regular management charges in staffing costs, just as a commercial manager would do (albeit by a different accounting process). The Tribunal rejects this argument.

5.7 The Respondent's primary cases is that staffing costs are its normal establishment charges and thus recoverable under Part II paragraph 4 of the Schedule. Paragraph 4 applies "if any repairs redecorations renewals maintenance or cleaning are carried out by the Lessor itself" and is clearly intended to permit the Respondent to make a charge in such cases for the supervision and support of in-house staff carrying out work pursuant to the obligations in Part I of the Schedule. A commercial contractor would build such costs into his quotation; the Respondent is enabled to do likewise by a different mechanism appropriate to a public sector landlord.

5.8 Of course, the lease was drafted to suit the purposes of a local authority landlord who might well employ in-house maintenance staff to carry out works not only upon its residential letting portfolio but also on council offices and other properties owned or managed by the council. There would thus be an important distinction between staff whose time (or part of whose time) was engaged in managing leasehold properties on a regular basis and those providing support to staff from e.g. the maintenance department carrying out works from time to time on the leasehold estate. The former would arguably fall within paragraph 5 (management costs) while the latter would fall within paragraph 4 (normal establishment costs).

5.9 In the judgment of the Tribunal, this is the correct construction of the Schedule. The staffing costs claimed are regular management costs within paragraph 5 while charges made under paragraph 4 for works of maintenance etc. carried out in-house workers may include an element for the support of those workers while carrying out such work. Thus staffing costs are capped at 15%. If it were otherwise, there could be no justification for charging anything under paragraph 5 for the years in question because all management costs would already be covered under paragraph 4.

5.10 The Respondent objects that it cannot have been intended that the landlord should be unable to recover the actual costs of managing and administering the leasehold properties on the development. However, the purpose of the lease was to provide the leaseholder with a privately-owned flat on a publicly owned estate. The council landlord would manage the estate and the leaseholder would make reasonable contribution to the council's costs of so doing. The figure of 15% is an estimate of what would, in the circumstances, be a reasonable contribution. Even before the enactment of the Act of 1985, councils, as public bodies, were under an obligation to act reasonably. By capping the leaseholder's contribution disputes over what was reasonable would be minimised. In most cases, the direct costs incurred would be significantly higher than in this case. At around £60, the actual charge is 15% of £400. In many cases, direct costs would exceed £400 per annum, in which case the Council's costs would be covered. That is likely to be the case here in future years, since the low maintenance regime of the last five years (in the middle of a recession) is unlikely to last for much longer.

5.11 For the sake of completeness, we deal with the Applicants' seven reasons as follows:

(i) Agreed;
(ii) There is duplication in the Respondent's charges;
(iii) The Housing Act 1985 does not prohibit the charging of management costs actually incurred;
(iv) Although initial explanations were vague it now appears that the staffing costs were assessed properly and reasonably allocated;
(v) The charge is a genuine attempt to reflect the real cost of management and administration;
(vi) The Respondent has apportioned these costs;
(vii) Such costs as have been incurred under this head appear to have been quite modest and, if so, were justified under Part I paragraph 9.

5.12 The outcome is that the Respondent is not entitled to make a separate charge for staffing costs and the Applicants are not liable to pay such charges. The Applicants have been wholly successful in their Application. The Tribunal will make a declaration accordingly.

Costs

5.13 This Tribunal takes the view that it has a wide discretion to exercise its powers under section 20C in order to avoid injustice to tenants. In many cases, it would be unjust if a successful tenant applicant were obliged to contribute to the legal costs of the unsuccessful landlord or, irrespective of the outcome, if the tenant were obliged to contribute to costs incurred unnecessarily or wastefully. In many cases, it would be equally unjust were non-party tenants obliged to bear any part of the landlord's costs. However, in some cases, the landlord's conduct of his defence may be a reasonable exercise of management powers even if he loses. The landlord may have made an offer the tenant ought to have accepted. In such cases, it might be reasonable for the tenants generally to bear those costs. In other cases, for example where the non-party tenants supported the unsuccessful landlord, it might be reasonable for the non-party tenants to contribute to the landlord's costs. A wide variety of circumstances may occur and the section permits the Tribunal to make appropriate orders on the facts of each case.

5.14 Clearly the Respondent has incurred legal costs in relation to this Application. The Applicants put forward their arguments clearly at an early stage and the Respondent had every opportunity to concede the point. Although the outcome depended on the construction of the lease, a mixed question of fact and law, the Applicants and other leaseholders ought not, in those circumstances, to bear the costs of deciding the issue. Overall, in all the circumstances of the case, the Tribunal concludes that it would be just and equitable in the circumstances of the case to order that the Respondent should be disentitled from treating its costs of and arising out of the application as relevant costs to be taken into account in determining any service charge relating to the property. Moreover, the Respondent must reimburse the Applicants in respect of the Application and Hearing fees in the total sum of £200, the Tribunal considering it just and equitable so to order.

Tribunal Judge G M Jones
Chairman
21st October 2013