



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

Case reference : **BG/LON/00AH/OC9/021/0083**

**HMCTS code
(paper remote)** : **PAPER REMOTE**

Property : **Flat 5 Mead Court, 66 Outram
Road, Croydon CRO 6XE**

Applicant : **Ms Joanne Marie Byrne**

Representatives : **Homehold Services Limited**

Respondent : **Buckford Estates Limited**

Representatives : **Wallace LLP, Portland Place,
London W1B 1PN**

Type of application : **For a determination of the
statutory costs under section 60 of
the Leasehold Reform, Housing
and Urban Development Act 1993**

Tribunal members : **Ian B Holdsworth FRICS MCI Arb**

Date of decision : **10 August 2021**

DECISION

Covid-19 pandemic: description of hearing

This has been a remote hearing on the papers {PAPER REMOTE}, which has been consented to by the parties. A face-to-face hearing was not held because it was not practical and all issues could be determined in a remote hearing on paper.

The documents referred to are contained in a single bundle prepared by the Applicant, the contents of which are read and noted.

Decision

Pursuant to section 60(1) of the Leasehold Reform, Housing and Urban Development Act 1993 statutory costs of £3,600 inclusive of VAT are payable by the tenants to the landlord for legal fees and £1,026 inclusive of VAT for valuer fees.

The application

1. By their application received on 10 May 2021 the tenants sought a determination under section 60(1) of the Leasehold Reform, Housing and Urban Development Act 1993 (“the Act”) of the landlord’s statutory costs incurred in a statutory lease extension completed on 7 May 2021.
2. Standard directions were issued on 20 May 2021. The directions stated that the application was suitable for determination on the basis of written submissions and without an oral hearing but they informed the parties of their right to request an oral hearing. No such request was received and accordingly we have determined the statutory costs on the basis of the written submissions and other documents included in the comprehensive document bundle that was submitted in accordance with the directions.

Background

3. The property is a one bedroomed flat that forms part of a block of similar styled flats built during the 1970’s.
4. The tribunal are told prior to the lease extension the leasehold title comprised a seven page lease with no third party to the lease or head lease.
5. The terms of the new lease were subsequently agreed between the parties at or around 15 January 2021. The new lease was completed on 7 May 2021.
6. No agreement in respect of the statutory costs payable by the applicant has subsequently been reached and an application was made to the tribunal to seek determination of the statutory costs payable.
7. The relevant legal provisions are set out in the Appendix to this decision.

The claimed and proposed costs

8. In response to the tribunal’s directions the tenants representatives, Household Services Limited provided a Statement of Case. This includes

a schedule of costs suitable of summary assessment from both parties together with their written representations.

9. The disputed fees inclusive of VAT are shown in the table below.

	Applicant: Homehold Services Limited	Respondent: Wallace LLP
	Proposed Fees	Charged Fees
Legal fees	£1,600	£3,600
Valuer fees	£780	£1,416.48
Total sums	£2,380	£5,016.48

10. The applicants submitted a schedule that comments on the different elements of the charges made by Wallace Solicitors LLP. They argue that the hourly charging rates are excessive. They refer to two recent decisions by First-tier Tribunal that recommend the rates charged by partners and senior assistants at Wallace LLP should be reduced from the £495 and £385 per hour to £450 and £365 respectively. The tenants solicitors also claim that excessive time was spent in considering the notice and amending the lease. In their comments they rely upon the guidance provided in *Sinclair Gardens Investments (Kensington) Limited v Wisbey* on reasonable time for undertaking statutory tasks.
11. The applicants claim the hourly rate charged by the valuer is excessive. They argue for an hourly rate of £250 per hour plus VAT rather than the charged rate of £350 per hour plus VAT. They also seek a reduction in time expended on the assignment to 2.75 hours.
12. The respondents in their submission explain that this was the first occasion that Wallace LLP were instructed to prepare a new lease extension deed for a flat on this estate. It was also the first claim for a lease extension on this block/estate. They claim for this reason more time was required to undertake appropriate title investigation. They also argue time spent on discussions about the form of lease are allowable being justified under Section 57 of the Act. It was brought to the attention of the tribunal that Wallace LLP had made a 20% reduction on billed costs prior to submission of their charges.

The Tribunal's Determination

13. The respondent has provided a detailed schedule of the work undertaken in responding to the notice. The submission explains how Wallace LLP has acted for Buckford Estates Limited for many years and provided detail to the lease extension negotiations. The basis of the fees charged by the solicitors to their client is by reference to the time spent by the relevant fee earners. The solicitors are based in Central London. Senior and experienced solicitors in the lease extension and enfranchisement department conducted most of the work and charged from £495-£385 per hour.
14. We accept that the respondent was entitled to instruct Wallace LLP and that the rates charged are consistent with the usual charge out rates for solicitors in Central London.
15. The respondent disputes that there was a need to carry out all the work that is shown on the schedule. The respondent also claims that the fees charged by the applicants' solicitors are excessive, the seniority of the partner allocated is unreasonable and the time allocated to the matters was excessive.
16. After review of the schedule the work shown is considered appropriate for this specific application given the circumstances. It is also determined that the complexity of the tasks required a skill level commensurate with a senior partner.
17. The tribunal consider the fee rate charged by the valuer is excessive. They reduce the hourly rate to £250 per hour plus VAT. The time expended remains unchanged at 3.25 hours and the allowable fee is therefore £1,026.48 inclusive of VAT.
18. **The tribunal determines the total costs payable by the applicant to the respondent under s60 (a) including VAT are: (a) Legal fees £3,600 and (b) valuers fees £1,026. This totals £4,626.**

Name: Ian B Holdsworth

Date

10 August 2020

Appendix

Leasehold Reform, Housing and Urban Development Act 1993

Section 60

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

(1)

Where a notice is given under section 42, then (subject to the provisions of this section) the tenant by whom it is given shall be liable, to the extent that they have been incurred by any relevant person in pursuance of the notice, for the reasonable costs of and incidental to any of the following matters, namely—

(a)

any investigation reasonably undertaken of the tenant's right to a new lease;

(b)

any valuation of the tenant's flat obtained for the purpose of fixing the premium or any other amount payable by virtue of Schedule 13 in connection with the grant of a new lease under section 56;

(c)

the grant of a new lease under that section;

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

(2)

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

(3)

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

(4)

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

(5)

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

(6)

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