

THE LEASEHOLD ADVICE CENTRE

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Service Charge & Ground Rent Demands

Service Charge Demands

Section 153 of the Commonhold and Leasehold Reform Act 2002, with effect from 1st October 2007 requires that "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" & accordingly a tenant may withhold payment of a service charge which has been demanded from him / her if the requirement to provide the summary is not complied with in relation to the demand" "Where a tenant withholds a service charge under this section, any provisions of the lease relation to non-payment or late payment of service charges do not have effect to the period for which he withholds it"

The content of the summary is set out below. It must be in "printed or typewritten form of at least 10 point".

Service Charges - Summary of tenants' rights and obligations

1. This summary, which briefly sets out your rights and obligations in relation to variable service charges, must by law accompany a demand for service charges. Unless a summary is sent to you with a demand, you may withhold the service charge. The summary does not give a full interpretation of the law and if you are in any doubt about your rights and obligations you should seek independent advice.
2. Your lease sets out your obligations to pay service charges to your landlord in addition to your rent. Service charges are amounts payable for services, repairs, maintenance, improvements, insurance or the landlord's costs of management, to the extent that the costs have been reasonably incurred.
3. You have the right to ask a leasehold valuation tribunal to determine whether you are liable to pay service charges for services, repairs, maintenance, improvements, insurance or management. You may make a request before or after you have paid the service charge. If the tribunal determines that the service charge is payable, the tribunal may also determine-
 - o who should pay the service charge and who it should be paid to;
 - o the amount;
 - o the date it should be paid by; and
 - o how it should be paid.

However, you do not have these rights where-

- o a matter has been agreed or admitted by you;
 - o a matter has already been, or is to be, referred to arbitration or has been determined by arbitration and you agreed to go to arbitration after the disagreement about the service charge or costs arose; or
 - o a matter has been decided by a court.
4. If your lease allows your landlord to recover costs incurred or that may be incurred in legal proceedings as service charges, you may ask the court or tribunal, before which those proceedings were brought, to rule that your landlord may not do so.

5. Where you seek a determination from a leasehold valuation tribunal, you will have to pay an application fee and, where the matter proceeds to a hearing, a hearing fee, unless you qualify for a waiver or reduction. The total fees payable will not exceed £500, but making an application may incur additional costs, such as professional fees, which you may also have to pay.
6. A leasehold valuation tribunal has the power to award costs, not exceeding £500, against a party to any proceedings where-
 - o it dismisses a matter because it is frivolous, vexatious or an abuse of process; or
 - o it considers a party has acted frivolously, vexatiously, abusively, disruptively or unreasonably. The Upper Tribunal (Lands Chamber) has similar powers when hearing an appeal against a decision of a leasehold valuation tribunal.
7. If your landlord-
 - o proposes works on a building or any other premises that will cost you or any other tenant more than £250, or
 - o proposes to enter into an agreement for works or services which will last for more than 12 months and will cost you or any other tenant more than £100 in any 12 month accounting period,
 - o your contribution will be limited to these amounts unless your landlord has properly consulted on the proposed works or agreement or a leasehold valuation tribunal has agreed that consultation is not required.
8. You have the right to apply to a leasehold valuation tribunal to ask it to determine whether your lease should be varied on the grounds that it does not make satisfactory provision in respect of the calculation of a service charge payable under the lease.
9. You have the right to write to your landlord to request a written summary of the costs which make up the service charges. The summary must-
 - o cover the last 12 month period used for making up the accounts relating to the service charge ending no later than the date of your request, where the accounts are made up for 12 month periods; or
 - o cover the 12 month period ending with the date of your request, where the accounts are not made up for 12 month periods.

The summary must be given to you within 1 month of your request or 6 months of the end of the period to which the summary relates whichever is the later.

10. You have the right, within 6 months of receiving a written summary of costs, to require the landlord to provide you with reasonable facilities to inspect the accounts, receipts and other documents supporting the summary and for taking copies or extracts from them.
11. You have the right to ask an accountant or surveyor to carry out an audit of the financial management of the premises containing your dwelling, to establish the obligations of your landlord and the extent to which the service charges you pay are being used efficiently. It will depend on your circumstances whether you can exercise this right alone or only with the support of others living in the premises. You are strongly advised to seek independent advice before exercising this right.
12. Your lease may give your landlord a right of re-entry or forfeiture where you have failed to pay charges which are properly due under the lease. However, to exercise this right, the landlord must meet all the legal requirements and obtain a court order. A court order will only be granted if you have admitted you are liable to pay the amount or it is finally determined by a court, tribunal or by arbitration that the amount is due. The court has a wide discretion in granting such an order and it will take into account all the circumstances of the case

Ground Rent Demands

These are required as set out below (including the sections entitled 'Notes For Leaseholders' and also 'Notes for Landlords');

FORM OF RENT DEMAND NOTICE

COMMONHOLD AND LEASEHOLD REFORM ACT 2002, SECTION 166

NOTICE TO LONG LEASEHOLDERS OF RENT DUE

To *(insert name(s) of leaseholder(s))*:

(note 1)

This notice is given in respect of *(address of premises to which the long lease relates)*

It requires you to pay rent of £.....on *(insert date)* (note 2).....

This rent is payable in respect of the period *(state period)*

[In accordance with the terms of your lease the amount of £.... is/was due on *(insert date).....*

on which rent due in accordance with the lease).] (note 3)

Payment should be made to *(insert name of landlord(s) or if payment to be made to an agent, name of agent)* at *(insert address)*

This notice is given by *(insert name of landlord(s) and, if not given above, address)*

NOTES FOR LEASEHOLDERS

Read this notice carefully. It sets out the amount of rent due from you and the date by which you must pay it. You are advised to seek help immediately, if you cannot pay, or dispute the amount,. Those who can help you include a citizens' advice bureau, a housing advice centre, a law centre and a solicitor. Show this notice and a copy of your lease to whoever helps you.

The landlord may be able to claim additional sums from you if you do not pay by the date specified in this notice. You have the right to challenge the reasonableness of any additional sums at a leasehold valuation tribunal.

Section 167 of the Commonhold and Leasehold Reform Act 2002 and regulations made under it prevent your landlord from forfeiting your lease for non-payment of rent, service charges or administration charges (or a combination of them) if the amount owed is £350 or less, or none of the unpaid amount has been outstanding for more than three years.

NOTES FOR LANDLORDS

1. If you send this notice by post, address it to the leaseholder at the dwelling in respect of which the payment is due, unless he has notified you in writing of a different address in England and Wales at which he wishes to be given notices under section 166 of the Commonhold and Leasehold Reform Act 2002.
2. This date must not be *either* less than 30 days or more than 60 days after the day on which this notice is given *or* before that on which the leaseholder would have been liable to make the payment in accordance with the lease.
3. Include this statement only if the date for payment is not the same as the date determined in accordance with the lease.

Contact Us

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