



Challenging Service Charges- A Guide for Leaseholders

Investigating the fairness of service charges, and the quality of services or works they are collected for, falls outside of the jurisdiction of The Property Ombudsman. Challenges must be referred to the First - Tier Tribunal (or in Wales, The Leasehold Valuation Tribunal).

The following provides some information on the process and the steps that are recommended.

1. Many disputes arise from a misunderstanding about the costs and services involved. Try to discuss the issue with whoever acts as your landlord, or their agent, and reach an agreement in the first instance. They should be able to give you information on the costs you are being asked to pay and what checks they undertake to ensure services are being provided to a reasonable standard.

It is not advisable to stop paying altogether – this may result in your account being passed to solicitors and the property manager or agent being advised to cease discussing your concerns.

2. If you cannot reach an agreement, your lease may set out a way of resolving the dispute, such as arbitration by a qualified surveyor. If all parties agree, you could consider mediation; this can be a quick and easy means of resolving the dispute as trained property professionals can suggest ways to resolve the situation. There is no obligation for you to agree but if all parties are satisfied the dispute will be formally settled.
3. If you have exhausted these options, you will likely need to apply to the Tribunal. They deal with a wide range of issues and some are more complex than others. When challenging service charges, legal representation is not necessarily required. It is still strongly recommended that you seek advice in the first instance about the information you will need to submit and whether a hearing may be necessary.

Groups of leaseholders may be entitled to a management audit by a qualified surveyor and this can help collect evidence for the Tribunal.

4. Complete the appropriate Tribunal form: <https://www.gov.uk/government/collections/residential-property-first-tier-tribunalforms#leasehold-management>. Be as thorough as you can in describing your issues and supply supporting evidence.
5. The Tribunal can – where asked – examine a wide range of issues. They can investigate costs such as insurance, maintenance and repair charges, and management or administration fees. They can visit your site to check whether scheduled works such as cleaning or gardening have been done regularly or completed to a good standard. They can also give a view as to whether the property manager has responded to your concerns in an appropriate manner. Finally, they can make recommendations for improvements to the services or appoint a new manager altogether.

In summary, although the Tribunal should be treated as a last resort, it allows for a comprehensive examination of your issues and provides a formal ruling about whether your service charges are reasonable in the circumstances, and whether the services they cover have been provided to the standard you are entitled to expect.

We recommend that you contact The Leasehold Advisory Service and view the Tribunal decisions on their website: <https://www.leaseadvice.org/>

Please note that residents who own their Freehold cannot apply to Tribunal and must instead refer their dispute to the County Court.