

CASE STUDY

Admin Costs

Key Topics

Property Management, Late Payment of Ground Rent, Administration Costs

Award

Leaseholder to pay 50% of the administrative cost

Case Details

- The managing agent sent several demands for ground rent before applying administrative charges and putting the account into their debt recovery procedure as no payment had been received. Solicitors were instructed as a result of the leaseholder's breach of the lease;
- The leaseholder received a demand from the management company in the sum of £655.20. He stated that he did not receive his demand for ground rent in the sum of £125.00 as he had postal issues, the amount charged had increased to £655.20. He paid his ground rent on receipt of this demand.
- The managing agent reduced their administrative cost to £130.00 being the amount in dispute.

Evidence

Ground rent demand, further demands, correspondence.

Head Of Redress Decision

- A number of the issues raised by the leaseholder would be more appropriate to be dealt with by the First-tier Tribunal (Property Chamber);
- Insufficient evidence to show that the correspondence sent by the managing agent had not been received by the Complainant. The letters had been sent to the correct address;
- Evidence of the Complainant's postal disruption was not until 6 months after the date of the Member's first letter to the Complainant;
- The lease entitled the managing agent to claim all costs and expenses incurred in contemplation of any proceedings from the Complainant;
- The administrative cost of £130.00 was made as a result of the leaseholder's non-payment of ground rent in breach of the lease;
- The administrative charge must be reasonable and accompanied by a summary of the leaseholder's rights and obligations in relation to the administrative charge;
- No clear breakdown of the administrative fee provided, however, the Head of Redress was satisfied that the Member would have incurred some administrative costs;
- The Head of Redress commented on the reasonableness of the cost claimed by the leaseholder in order to achieve an early resolution;
- To swiftly resolve the issue each party to pay 50% of the administrative cost in full and final settlement.

Key Point From The Case

- Only the First-tier Tribunal (Property Chamber) has the remit to determine reasonableness of administrative costs, however, the PRS can facilitate swift out-of-court settlement.

