

Y TRIBIWNLYS EIDDO PRESWYL
RESIDENTIAL PROPERTY TRIBUNAL
LEASEHOLD VALUATION TRIBUNAL

Reference: LVT/0033/11/15

IN THE MATTER OF: 6 Dray Court, The Old Brewery Quarter, Caroline Street, Cardiff CF10 1FN

AND IN THE MATTER OF an application under sections 20C and 27A Landlord and Tenant Act 1985

On transfer from the County Court, claim number B85YJ195

Claimant/Applicant: COUNTRYSIDE RESIDENTIAL (SOUTH WEST) LIMITED

Defendant/Respondent: MR. MARK TUDOR ROBERTS

ORDER (Costs)

UPON the Respondent's applications in relation to costs:

1. The Respondent's application for costs against the Applicant under Schedule 12 paragraph 10 of the Commonhold and Leasehold Reform Act 2002 is dismissed.
2. Pursuant to section 20C Landlord and Tenant Act 1985, the costs incurred by the Applicant landlord in connection with proceedings before the County Court and the leasehold valuation tribunal between 10th April 2015 (the date of issue of the proceedings) and 7th September 2016 (the date of the first LVT decision) are not to be regarded as relevant costs to be taken into account in determining the amount of any service charge payable by the Respondent tenant.
3. No further order is made under section 20C Landlord and Tenant Act 1985 so far as concerns the costs incurred by the Applicant landlord in connection with the leasehold valuation proceedings after the above dates (the costs in relation to the appeal to the Upper Tribunal having already been the subject of a decision under section 20C by that Tribunal).

DATED this 4th day of February 2019



E W Paton
Chairman

Y TRIBIWNLYS EIDDO PRESWYL
RESIDENTIAL PROPERTY TRIBUNAL
LEASEHOLD VALUATION TRIBUNAL

Reference: LVT/0033/11/15

IN THE MATTER OF: 6 Dray Court, The Old Brewery Quarter, Caroline Street, Cardiff CF10 1FN

AND IN THE MATTER OF an application under sections 20C and 27A Landlord and Tenant Act 1985

On transfer from the County Court, claim number B85YJ195

Claimant/Applicant: COUNTRYSIDE RESIDENTIAL (SOUTH WEST) LIMITED

Defendant/Respondent: MR. MARK TUDOR ROBERTS

DECISION ON COSTS APPLICATIONS

Before: Tribunal Judge E W Paton (Legal Chair), Mr. J. Singleton (Surveyor Member), Dr. A. Ash (Lay Member)

Sitting at the Residential Property Tribunal, Southgate House, Wood Street, Cardiff

On 23rd January 2019

Counsel for the Applicant: Simon Bradshaw, instructed by SLC Solicitors, Shrewsbury
The Respondent appeared in person and represented himself.

1. We delivered our decision on the substantive application in this matter on 6th November 2018. The contents of that decision should be taken 'as read'. The final substantive outcome was that:

“The Respondent is therefore liable to pay the following sums for those years, representing 1/42 of each sum (including 1/42 of water charges):

2010 £1443.85
2011 £1285.51
2012 £986.84
2013 £1593.69
2014 £1353.72
2015 £2399.30

TOTAL: £9062.91”

2. We directed at the end of that decision that:-

“if any party wishes to make any submissions on costs, by which we mean principally section 20C Landlord and Tenant Act 1985 or Schedule 11 Commonhold and Leasehold Reform Act (this not being an obvious case for the exercise of the Tribunal’s own limited costs jurisdiction), they should inform the Tribunal and the other party by the date stated in the order”

3. As a result, the parties both wished to have an oral hearing, and the only two applications before us are both by the Respondent, as follows:-

i) first, despite our expressed reservation, an application for costs against the Applicant is within the Tribunal’s jurisdiction. The Respondent applied under Schedule 12 paragraph 10 of the Commonhold and Leasehold Reform Act 2002 (preserved in relation to the Leasehold Valuation Tribunal in Wales). The Applicant referred to Schedule 13 paragraph 12 Housing Act 2004 which preserves a costs rule in relation to the “Residential Property Tribunal” in Wales, but we consider that it is the former provision which applies to this particular jurisdiction.

ii) second, an application under section 20C Landlord and Tenant Act

“for an order that all or any of the costs incurred, or to be incurred, by the landlord in connection with proceedings before a...Court [and].. leasehold valuation tribunal....are not to be regarded as relevant costs to be taken into account in determining the amount of any service charge payable by the tenant or any other person or persons specified in the application.”

Schedule 12 paragraph 10 CLRA 2002

4. We can deal with this application fairly briefly. Since the Applicant’s application was not dismissed or struck out under rule 7, such an order could only be made against the Applicant (up to a maximum of £500) if it:

“..has, in the opinion of the leasehold valuation tribunal, acted frivolously, vexatiously, abusively, disruptively or otherwise unreasonably in connection with the proceedings.”

5. This provision is, like the parallel provision for the First-Tier Tribunal considered in Willow Court Management Co. (1985) Ltd. v. Alexander [2016] UKUT 290 (LC), essentially a ‘wasted costs’-type jurisdiction reserved for conduct of the types described above, and that “unreasonably” should be read in that light. It is not to be used to ‘punish’ mere alleged procedural shortcomings in the course of the application.

6. In our judgement this case comes nowhere near the standard required by that rule. The Applicant has pursued a genuine and bona fide claim for unpaid service charges over a period exceeding three years, at the end of which it has obtained a determination in the sums above. The various twists and turns the application has taken, including the appeal to the Upper Tribunal and the remission back to us on certain points, do not make the Applicant’s conduct fall into any of the above categories.

7. The Respondent’s specific points in this regard included a point about the preparation of bundles and documents for the final hearing before us, which we consider to have had very little effect on the conduct of that hearing. He also made points about the substance of the claim, and the amounts claimed at various times

(including what we consider a wild and unfounded allegation that a higher claim advanced briefly by the Respondent in correspondence in 2015 was made 'fraudulently'), but these sort of points go simply to the overall merits, substance and 'pounds and pence' of the application, which really have little to do with the paragraph 10 costs jurisdiction. In every application, points and sums will be pursued and then not succeed in full, or at all, but that does not make the application or its conduct frivolous, vexatious or unreasonable.

8. We therefore decline to make any order under Schedule 12 paragraph 10.

Section 20C Landlord and Tenant Act 1985

9. At the outset of the hearing, to prepare the ground for the application before us, we asked Counsel for the Applicant to take us through the relevant provisions through which the Applicant might, if it had not already, seek to add the litigation costs incurred before the Tribunal on both occasions as "relevant costs to be taken into account in determining the amount of any service charge payable by the tenant [emphasis added]".

10. We had in mind the "Service Charge" provisions of the Eighth Schedule of the lease, and provisions such as paragraph 12.2:

"reasonable fees and disbursements of managing agents, surveyors, accountants, lawyers or other persons retained in connection with the management, administration, protection and operation of the Block and the provision of any services, items or functions referred to in this Schedule"

which "services" include e.g.

"11.4 Enforcing for the general benefit (as determined by the Landlord) of the tenants in the Block the covenants in any of the leases of Flats in [the] Block."

and part of 9.1:

"...administering the collection of rents and service charges."

Matters adjudged to fall within those paragraphs can therefore be put through the service charge and charged to all lessees accordingly, subject to any later challenge as to reasonableness under the 1985 Act.

11. Counsel instead, however, initially referred us to the provisions in the Fifth Schedule ("Tenant's Covenants"), in particular clause 28 ("Landlord's Costs"). We will not set this out in full, but this is in fact a direct tenant's covenant to pay all "reasonable costs, charges fees and expenses including reasonable solicitors' costs and surveyors' fees properly incurred by the Landlord, amongst other matters:

28.4 in connection with the recovery of sums due from the Tenant hereunder

28.5 in connection with any breach or non-observance by the Tenant of its obligations hereunder (whether or not the Landlord pursues such matters by proceedings in the Court)."

Paragraph 28.1 also provides for payment of costs "in relation to..or in reasonable contemplation of" proceedings under section 146 Law of Property Act 1925.

12. In the light of this, and to avoid potential misunderstanding, we made the point that the recent case law of the courts and the Upper Tribunal [see e.g. *Christoforou v. Standard Apartments Limited* [2013] UKUT 0586, *Chaplain v. Kumari* [2015] EWCA Civ. 798 and *87 St. George's Square Management Limited v. Whiteside* [2016] UKUT 0290 (LC)] distinguishes between these two means of costs recovery. A direct costs covenant by a tenant is i) to some extent a free standing contractual obligation owed to the landlord by that tenant and ii) usually now regarded not as a "service charge" but instead as a "variable administration charge" within the meaning and coverage of Schedule 11 paragraph 5 Commonhold and Leasehold Reform Act 2002, in respect of which the landlord may apply for a determination as to whether it is payable and in what amount, subject to the amount being "reasonable".
13. In relation only to proceedings commenced in England (not Wales) after 6th April 2017, a new Schedule 11 paragraph 5A now gives a tenant a right to apply for an order to reduce or extinguish his liability to pay "litigation costs" claimed as an administration charge. This new provision appears to recognise that there was up to that point a lacuna in this respect, and that there still may be one in Wales and in relation to pre-6th April 2017 proceedings.
14. There was and is yet no application before us under Schedule 11 paragraph 5 CLRA 2002, and as far as we aware no demand has been made by the Applicant to the Respondent that he pay costs under clause 28 of the Fifth Schedule. We therefore made clear that we were only going to determine the section 20C LTA 1985 application actually before us, which would in turn only be of relevance if the landlord contemplated passing its costs of the LVT proceedings through the "service charge" provisions of the Eighth Schedule. Since nearly all of those costs will have been incurred in the years 2016 to the present, they were not before us in the substantive application, save that (as the Respondent pointed out) the County Court issue fee of £743.48 was included in the 2015 service charge accounts.
15. The section 20C application therefore proceeds on the basis that the Applicant may contemplate, if it has not already, seeking to recover its litigation costs before the LVT as relevant costs via the "service charge" provisions of the leases. Whether it does in fact seek to do so is a matter for it. Mr. Bradshaw indicated that its total costs (including VAT) of all the proceedings amount roughly to some £42,000, of which about £7000 related to the Upper Tribunal appeal (as to which that Tribunal has already made an order under section 20C). Whether the Applicant later seeks to recover any of those costs directly from the Respondent via clause 28 in the Fifth Schedule is also a matter for it, and a matter for another day if any Schedule 11 application is made in that regard.

Against that background, we shall now consider the section 20C application.

The claim and application: sums sought and recovered

16. The Applicant's claim was originally commenced in the County Court on 10th April 2015. The claim form stated that the amount claimed was £15,713.04, comprising £14,869.56, plus a court issue fee of £743.48, plus a fixed costs amount of £100, although a Schedule attached to the claim form referred to costs of £638.33 plus VAT of £127.67.
17. That claim comprised, essentially:-
 - i) a service charge amount of £1656 for each of the years 2009 to 2015, which was the 'on account' sum claimed in each of those years (see our decision)

- ii) interest on those amounts
- iii) the Ground Rent claim
- iv) a handful of “administration charges” in relation to unpaid service charges from 2009-2012

18. The Respondent defended that claim in the County Court, by Defence dated 27th May 2015, taking the various points he would later pursue as to the formal validity of the demands for service charge (under statute, and in accordance with the lease), as well as seeking to challenge reasonableness of amounts, in doing so invoking the Tribunal’s jurisdiction under sections 19 and 27A LTA 1985.
19. The County Court made an order of its own motion on 14th July 2015, imposing a month’s stay and also a requirement to file directions questionnaires by 28th July 2015. That must have been done, because the Court then considered them before transferring the claim to the “First-Tier Property Tribunal” (which ultimately meant this Tribunal) on 28th October 2015.
20. Not long after that transfer, the Applicant accepted the point about the formal invalidity of its previous demands and notices, and so wrote to the Tribunal in letters of 10th December 2015, 29th December 2015 and 19th January 2016 making this clear, that it had therefore served fresh and compliant demands from 30th November 2015, and that therefore the administration charge and interest elements of its original claim were no longer pursued (interest only now being claimed from 30th November 2015). It was confirmed in the last letter that “due to the incorrect notices being sent to the Leaseholder with the demands, the monies had not fallen due as at the time the proceedings were issued.”
21. So by the time the matter progressed to the LVT for the first hearing in September 2016, the Applicant’s claim was by then confined to seven sums of £1656 (for the years 2009 to 2015 inclusive), which totalled £11,592 in an “arrears schedule” at p257 of the 2016 hearing bundle, although it appears from the decision (and Mr. Bradshaw confirmed) that this figure was reduced further when the limitation point about charges for 2009 prior to 30th November 2015 was conceded, so that only £138 was claimed for that year. That made the total sum £10,077, which is what the Tribunal then found was payable at that first hearing.
22. For the reasons set out in the decision of the Upper Tribunal, while it upheld the validity of the re-served notice and demands, so that sums of service charge were payable, the means by which these figures had been arrived at by the Applicant and then the Tribunal were deficient. The application was remitted back to us, following the Applicant being required to prepare revised accounts based on final actual (and recoverable) expenditure for each of the years 2010 to 2015.
23. We have dealt with that in our decision. As stated, the final total recoverable amount for those years was £9062.91, which when added to the undisputed and unappealed sum for 2009 (£138), gave a final total or ‘bottom line’ of £9200.91. So the net result of the remission back to us was a reduction in the total sum of £876.09.

Section 20C: principles

24. Section 20C does not call upon us to exercise a general “costs discretion” in the manner of a civil court under the Civil Procedure Rules Part 44, or therefore to engage in too detailed an analysis of who has been the “successful” party and on what issues. The principles were succinctly summarised by HHJ Behrens in *Bretby Hall Management Company Ltd v Pratt* [2017] UKUT 70 (LC) at paragraph 46:

“1. The only principle upon which the discretion should be exercised is to have regard to what is just and equitable in the circumstances.

2. The circumstances include the conduct of the parties, the circumstances of the parties and the outcome of the proceedings.

3. Where there is no power to award costs there is no automatic expectation of an order under s 20C in favour of a successful tenant although a landlord who has behaved unreasonably cannot normally expect to recover his costs of defending such conduct.

4. The power to make an order under s 20C should only be used in order to ensure that the right to claim costs as part of the service charge is not used in circumstances which make its use unjust.

5. One of the circumstances that may be relevant is where the landlord is a resident-owned management company with no resources apart from the service charge income.”

25. How do those principles apply to these proceedings i.e. the proceedings at first instance before this Tribunal in 2016, then again in 2018 (the costs in relation to the appeal to the Upper Tribunal appeal already having been dealt with)?

26. It seems to us that it is useful to consider the position and final outcome:-

i) generally, having regard to the course of the proceedings, the points taken, won and lost upon, and the final sums determined; and

ii) since this formed a major part of the submissions of the Respondent, and was expressly referred to by Judge Robinson in the Upper Tribunal decision, the relevance of an offer made by the Respondent to the Applicant on 7th July 2015, which was rejected by the Applicant on 14th July 2015.

Discussion: general outcome

27. Looking at the proceedings overall, and the two rounds of hearings which took place, it seems to us that there was some fault on both sides, as well as points on which each side can claim victory or vindication.

28. On the one hand, the Respondent did not pay a penny of service charge for the years 2009 to 2015. He is correct to say that he was vindicated in his points as to the validity of the demands and notices before 30th November 2015, but after that date the statutory points as to validity no longer held good, although he continued to pursue those points all the way to the Upper Tribunal on appeal. It is also correct to say that the manner in which repeated amounts of £1656 were demanded, with there being no end of year accounting and reckoning process to determine the final actual sums due, was deficient, but that was essentially a matter of procedure and accounting. Once that process had been carried out, the final sums as found by us were in most cases not so very far off those demands of £1656. All the while, the Respondent had paid nothing. He is now liable to pay a total of £9200.91 (including the £138 for 2009).

29. On the other hand, it is true to say that the Applicant has by its various statutory, contractual and accounting errors made the process of determining the service

charge payable for these years an unusually prolonged and difficult one. The Upper Tribunal, recognising those errors, remitted the application back so that the task could be done properly, by the Applicant and then the Tribunal. It is also true to say that even in the hearing before us, there was some initial confusion in, and correction of, the figures presented for each year, as our decision reflects.

30. At the hearing before us, the results on any remaining points which were actually contested between the parties were fairly mixed. By and large, the Respondent's submissions as to the water and electricity figures, and the means by which they were to be calculated, were accepted. He was unsuccessful on his submission that his liability for water charges for these years should be something other than 1/42.
31. We were also reminded, by Mr. Bradshaw and from looking at the Respondent's skeleton argument, that by the incorporation and setting off of various sums which he claimed were due back to him as credits, his actual submissions as to the final net sums payable by him were substantially less than the sums which we finally determined. For some years he actually claimed that a net sum was due to him from the Applicant. For 2010, he argued that £249.51 was due to him (paragraph 18 skeleton); for 2011, "£762.42 due to the Applicant" (paragraph 21); for 2012 "£680.48 due to the Applicant"; for 2013 "-£659.13 credit due to the Respondent"; for 2014 "£677.99 due to the Applicant"; and for 2015 "£1576.40 due to the Applicant". If those are added together, then his position at the outset of the second hearing was that for those years, a total of only £2788.65 was due from him to the Applicant.
32. So looking at the matter in the round, and before we consider the relevance of the offer made in July 2015, our provisional view would be that the faults and successes on each side broadly cancelled out. The Applicant made several errors in the way it went about pursuing these service charges, but the Respondent did not pay any of them. He appealed from a determination that he was to pay £10,077, resulting in a second hearing at which he argued that his total net liability was £2788.65, but at which it was found to be £9062.91 (plus the £138 for 2009).
33. We would not therefore consider that in principle, under section 20C, it would be appropriate or "just and equitable" wholly to preclude the Applicant from recovering all or some portion of its costs of the proceedings via the service charge provisions of the leases. Lessees might in due course have arguments as to the reasonableness of those charges, under sections 19 and 27A LTA 1985, but that would be another matter for another day.

The 2015 offer

34. This provisional view is, however, subject to the potential relevance of an offer made by the Respondent to the Applicant in July 2015. We find the following to be the facts and circumstances in relation to this offer:-
 - i) it was made by telephone by the Respondent, to a representative from the Applicant's solicitors, on 7th July 2015 – so after service of the Defence to the County Court proceedings, but before any orders of the Court staying or transferring the proceedings
 - ii) it was made at a time when the Respondent was attempting to sell his flat, so that he was keen if possible to resolve the matter in an agreed sum to allow the sale to proceed with no remaining claims that there were extant unpaid sums

iii) as recorded in his handwritten note, and in the solicitors' later response to it by email on 14th July 2015 rejecting it, it was made "without prejudice save as to costs" and was in a sum of £10,000. The 14th July 2015 email referred to it as a "without prejudice" offer, but was itself headed "without prejudice save as to costs". We are satisfied that it was the latter, not the former, so that the liberty to refer to it on the question of costs on the Calderbank principle was preserved.

iv) as stated, it was rejected. No counter-offer was made, and no further offers by either party were referred to before us.

35. At that date, on the legal position conceded by the Applicant just over three months later, "due to the incorrect notices being sent to the Leaseholder with the demands, the monies had not fallen due as at the time the proceedings were issued." So had there been a County Court trial at that point, with the law applied correctly, the claim would have been dismissed in its entirety, with no sums or costs being recoverable.
36. Further, on the correct legal and accounting basis, on the figures now found by us, even if correct notices and demands had been re-served prior to those proceedings, the total sum to which the Applicant would then have been entitled was i) the sums which we have found due for 2010 to 2014, totalling £6663.61 ii) £1656 as an 'on account' demand for 2015, and iii) (on this hypothesis, if the correct notices had been served) perhaps a portion of the service charge for 2009, which we shall call roughly £1000. That would have come to £9319.61, for which the issue fee would have been £205 at that time, or £455 even if stated as a claim exceeding £10,000 in value.
37. So as we said in oral argument, the offer of £10,000 was very 'close to the knuckle', 'on the money' or whichever other phrase one might choose. It was in our view a very reasonable offer, made at a time when no sums were even formally due to the Applicant, but which even so represented virtually the maximum sum which it could have recovered (including issuing costs) at that time, had the proper notices been served.
38. Mr. Bradshaw argued that the issue was whether the Applicant's rejection of it at that time was unreasonable. That may be so, but the difficulty which the Applicant then faces is that it gave no reason at all for rejecting the offer on 14th July 2015. It was simply rejected, with no counter-offer. Further, much to the Respondent's annoyance and chagrin, but not (as we have said) "fraudulently", the Applicant then sent to the Respondent's conveyancing solicitors on 6th August 2015, in response to their request, a new schedule of arrears in connection with his attempted sale of the flat. This schedule claimed an even greater sum, including some "building insurance" arrears never claimed before or since, and some arrears going as far back as 2004. We appeared to be missing a page of this schedule in the copy provided by us, but we accept the Respondent's evidence that the total figure was some £21,954.
39. That higher figure was never actually pursued, either by amendment in the County Court proceedings or in the figures claimed in the Tribunal proceedings. This was not a trial for damages for a 'lost sale', but it is quite possible that this may have had an effect on the Respondent's sale. In any event, as stated, very shortly afterwards the Applicant i) conceded the points on the invalidity of previous notices and demands and ii) dropped its claims for interest and administration charges. The sums claimed followed the course described above, with the First Tribunal determining that a sum of £10,077 was due.
40. We consider, in these circumstances, that under section 20C, the Applicant should not be entitled to recover as "service charge" any of its legal costs of this first phase

of the proceedings, from the issue of the County Court proceedings up to and including the decision of the first LVT on 7th September 2016, it being unjust to allow such recovery. If it had accepted the offer of £10,000, as would in our judgment have been reasonable (and probably in excess of what it was actually entitled to at that date), these costs would not have been incurred, and the very small amount of legal costs incurred in issuing the proceedings would have been provided for in the offer.

Costs after the first LVT decision and appeal: the second phase

41. On being faced, however, with a Tribunal determination that a total sum of £10,077 was due for the years in issue, the Respondent then had a decision to take. He could have accepted that decision and paid the sum, it being just £77 more than he had offered just over a year ago. He instead attempted to appeal on virtually all points. As is set out in the Upper Tribunal decision, he obtained permission on some of those points but not others. As the decision further records, he essentially failed in his appeal on the 'validity' points, but had some success on other issues, at least in having them remitted back for a further hearing. Judge Robinson considered the section 20C application in relation to the costs of that appeal, and held that the Applicant could only recover 50% of those costs via service charge.
42. That then leaves the costs of the second 'phase' of proceedings, and second LVT hearing in September 2018. Although there may have been some work consequential on the handing down of the appeal decision, the costs in this phase will mainly have been incurred from 25th April 2018 onwards, the date of the fresh directions order which we made. Our final decision in November 2018, and the summary above, sets out the net outcome of that process. The Applicant, after some adjustment and re-allocation of figures, and subject to the issues over the method of calculation and allocating water, electricity and superior landlord service charges, essentially complied with the requirements of the Upper Tribunal. By the time of the second hearing we had reasonably comprehensible figures for each of the years in question. After some relatively limited and minor arguments about the invoicing method, the allocation of figures and the 1/42 proportion, we were able to arrive at our decision, also referring back and cross-checking with the Coopers Court figures.
43. The net result was that the total sum of service charge due for all those years was reduced by just some £876.09, to £9062.91. As set out above, the Respondent was arguing, at least up until the hearing, for a far larger reduction. We have calculated from his skeleton argument that his contention was that he owed only some £2788.65. No further offers were made, as far as we aware, during this phase, and no sums were paid or tendered even on account of the service charges owed.
44. We therefore consider that no section 20C order is "just and equitable" for this phase of the proceedings. The £10,000 offer had relevance and 'potency' in relation to the costs of the first phase, for which we have allowed in the first part of our decision above. After the appeal, although neither party made any offer, it would have been open to the Respondent to make clear that his offer of £10,000 was either renewed or repeated. We do not accept his submission that it was "never withdrawn". The reality is that it was rejected in July 2015, and that after the first Tribunal decision, the Respondent elected not to re-open it or accept a determination of a sum (£10,077) almost exactly equalling the offer. His election was to press on, appeal on all points, and thereby still contend that no sums were payable at all. After the appeal, as we have stated, his submission in his skeleton argument (which was, we note, served very late) was that a far lower sum was due from him to the Applicant.

45. The final result on the section 20C application is, looked at in one way, that the first phase of Tribunal proceedings is effectively being disregarded, so that it is as if the only proceedings under consideration consist of the second LVT phase and hearing. Looking at that second phase as if it were a freestanding application, it could in fact be said that it was the Applicant who was largely successful, recovering a large majority of the total service charge claimed.
46. Looked at another way, and on the hypothesis that each phase of LVT proceedings generated similar costs, the net result of our decision is that roughly 50% of the Applicant's costs may be recovered as service charge, with the other 50% not so recoverable – a result similar to the Upper Tribunal's section 20C decision on the costs of the appeal. We consider that to be a just and equitable outcome in all the circumstances set out above.
47. For these reasons we therefore:-
- i) dismiss the Respondent's application for costs under Schedule 12 paragraph 10 of the Commonhold and Leasehold Reform Act 2002
 - ii) make an order under section 20C Landlord and Tenant Act 1985 that:
 - the costs incurred by the Applicant landlord in connection with proceedings before the County Court and the leasehold valuation tribunal between 10th April 2015 (the date of issue of the proceedings) and 7th September 2016 (the date of the first LVT decision) are not to be regarded as relevant costs to be taken into account in determining the amount of any service charge payable by the Respondent tenant
 - iii) dismiss the application under section 20C Landlord and Tenant Act 1985 so far as concerns the costs incurred by the Applicant landlord in connection with the leasehold valuation proceedings after the above dates (the costs in relation to the appeal to the Upper Tribunal having already been the subject of a decision under section 20C by that Tribunal).

Dated this 4th day of February 2019



E W Paton
Chairman