



**Residential
Property**
TRIBUNAL SERVICE

**LONDON RENT ASSESSMENT PANEL
LEASEHOLD VALUATION TRIBUNAL**

**Case Reference: LON/00BD/LSC/2007/0283
LON/00BD/LSC/2007/0310**

**DECISION OF THE LEASEHOLD VALUATION TRIBUNAL ON AN
APPLICATION UNDER SECTION 27A AND 20C OF THE LANDLORD AND
TENANT ACT, 1985, AS AMENDED**

Applicants: Mr P A Beveridge (61A)
Mr S M Edwards (60A)

Respondent: Fontayne Investments Ltd
represented by Mr Richard Frankel

Premises: 61A & 60A Barnes High Street, SW13

Application received: 2 August 2007 (61A)
10 August 2007 (60A)

Date of determination: 3 October 2007

Members of the Leasehold Valuation Tribunal:

Mrs J McGrandle BSc MRICS MRTPI
Mr P Tobin FRICS
Mr I Thompson FRICS

1.0 Introduction

1.1 Nos 60 and 61 Barnes High Street are adjoining shops and upper parts, the latter converted into two flats, one of which is 60A. There is a third flat, 61A, which is an adjoining single-storey flat.

1.2 The freehold of these flats is owned by Fontayne Investments Ltd represented by Mr Frankel.

1.3 The Tribunal has received separate applications under s.27A of the L&T Act 1985 from the lessees of 60A and 61A. Both applications concern the insurance premium and related administration fee for the service charge years 2006/2007 and 2007/2008.

2.0 Directions

61A

2.1 Directions were issued on 7 August 2007 stating that the application will be dealt with by written representations. The landlord was required to produce the policy documents, schedule of insurance, invoice for receipt of premium and any other documents he wished to rely upon. In turn the tenant was required to respond with an alternative insurance quote. The document exchange was to be by 12 September. In the event neither party complied with the directions although the Tribunal has on file earlier written representations from the applicant.

60A

2.2 Directions in similar terms were issued on 15 August 2007 with document exchange again by 12 September 2007. Again neither party complied with the directions.

3.0 Lease

61A

3.1 Under clause 5(b) of the lease the lessor is obliged to keep the demised premises insured for the full replacement value and the tenant's obligation to pay is set out in clause 3(k) at 1/12 of the total cost of insuring the whole building, the latter defined as Nos 60 & 61 Barnes High Street. There is no provision for an administration fee in the lease.

60A

3.2 Under S4.2 of the lease the lessor is obliged to insure the demised premises and the building for the full replacement value and the tenant's obligation to pay is set out in clause 1 but the lease is silent as to any apportionment. There is no provision for an administration fee in the lease.

3.3 In both cases the payment of the insurance premium is reserved as rent.

4.0 Representations

61A

4.1 By letter dated 7 September 2007 Mr Beveridge, the applicant, stated that the landlord owned a number of properties in Barnes High St and that insurance premiums had increased recently by a factor of 3.5-4.5. He referred to a previous Tribunal decision (LON/00BD/LSC/2007/0123) and enclosed an insurance invoice from a previous freeholder for the year 2004. Mr Beveridge had a verbal quote for a reinstatement value of £500,000. He attached a sketch with an estimated floor area for 60/61 Barnes High Street. He also quoted from a letter from Mr Frankel on behalf of the freeholder dated 18 April 2006 which stated that the building might previously have been under-insured. Mr Beveridge gave no figure for what would in his view be a reasonable sum.

4.2 The landlord's representations, which also covered 60A, referred to the same LVT decision. Mr Frankel stressed he was under a legal obligation to insure the property for its full reinstatement value and that is what he had done.

60A

4.3 Mrs Hobbs on behalf of her brother Mr Edwards stated that there had been an increase in the proportion of the total premium he had to pay as well as a dramatic increase in the premium itself. Further, the lease made no provision for an administration fee.

5.0 Decision

5.1 In both applications both parties have failed to produce to the Tribunal the documents requested in the Directions. In particular, the Tribunal have been given no evidence of either the sums insured or the premiums and the rates applicable. Accordingly in coming to its decision the Tribunal has had no alternative but to rely on its knowledge and experience.

5.2 In the Tribunal's opinion, by any yardstick the premiums demanded are high. In the circumstances the Tribunal has determined the following premiums to be reasonable, bearing in mind particularly the lease terms for 61A.

60A

2006/07: £550 p.a
2007/08: £600 p.a

61A

2006/07: £350 p.a
2007/08: £385 p.a

Administration fee

5.3 Neither lease makes provision for the landlord to charge an administration fee and accordingly this is disallowed.

s.20C

5.4 Both applicants asked the Tribunal to make an order under s.20C of the 1985 Act to prevent the respondent charging the costs of the applications to the service charge account.

5.5 The Tribunal would have made such an order but notes that in any event neither lease contains a provision enabling the respondent to make such a charge.

Chairman *J. McNamee* .
Date *3 October 2007* .