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**FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)**

Case Reference : LON/00BH/OC9/2014/0223

Property : 16 Connaught Court, 14c Orford Road,
Walthamstow, London E17 9NS

Applicant : East Homes Ltd

Representative : Winckworth Sherwood LLP

Respondent : Timothy Owen Hassall

Representative : Samuels & Co

Type of Application : Costs on extension of lease

Tribunal : Judge Nicol

Date of Decision : 12th January 2015

DECISION

Decision of the Tribunal

The Tribunal has determined that the following costs are payable by the Respondent to the Applicant in accordance with section 60 of the Leasehold Reform, Housing and Urban Development Act 1993:

1. Legal costs of £1,448 plus VAT; and
2. Valuation costs of £300 plus VAT.

Reasons for Decision

1. The Applicant seeks to recover costs incurred in responding to the Respondent's request for a new lease in accordance with section 60 of the Leasehold Reform, Housing and Urban Development Act 1993 (set out in the Appendix to this decision). The Respondent has stated in his submissions that he does not object to the Applicant's solicitors' charging out rates and various other costs but has objected to a number of elements considered in turn below.
2. The Respondent asserted that the Applicant has claimed for 50 letters out which he has further asserted is excessive. By the Tribunal's calculation, the Applicant's solicitors' schedule of costs refers to 47 letters, not 50. In the Tribunal's opinion, 47 letters would be excessive in relation to a standard lease extension such as the one in this case.
3. The Respondent speculated in their submissions that the excessive number of letters may have arisen because the Applicant's solicitors included their work in responding to an earlier section 41 notice, seeking information as to title, before the section 42 notice was served. The Applicant's solicitors' reply appears to confirm that this was the case by seeking to justify the expenditure on dealing with the earlier notice.
4. It is, of course, entirely appropriate that the Applicant's solicitors incurred expenditure in dealing with the section 41 notice and they may well be right that such a notice was not necessary in the circumstances of this case. However, the Tribunal is exclusively concerned here with the recoverability of costs under section 60. The Respondent is correct when they point out that the costs of dealing with a section 41 notice do not fall within section 60.
5. In the circumstances, the Tribunal has decided that the legal costs should be reduced by an amount representing 10 routine letters at £20 each, that is to say £200 plus VAT.
6. The Respondent objected to the invoice from McDowalls Chartered Surveyors in the sum of £300 plus VAT on the sole basis that it was made out to "East Thames Home Ownership" rather than the Applicant under its formal name. However, there is no doubt that the work was done for the Applicant by the surveyors at a reasonable cost. There is no suggestion or evidence that the name used means that the Applicant is not liable for the fee. The Respondent does not do himself credit by coming up with such transparently captious objections.
7. The Respondent objected to a disbursement of £30 plus VAT. The Applicant conceded this rather than incur the cost of disputing it.

8. The Respondent objected to the Applicant's land registry fees of £18 on the basis that they had supplied documents from the land registry. The Tribunal agrees with the Applicant that it is entirely appropriate for them to carry out their own land registry enquiries in order to check the relevant information and not to rely on information provided by the Respondent.
9. The Respondent objects to a cost included in the Applicant's solicitors' schedule on the basis that the work was carried out on 28th February 2014. This would appear to be part of the work done in relation to the section 41 notice. The work took 6 minutes and so would have cost £20 plus VAT. This is also disallowed.
10. Therefore, the Tribunal has disallowed £220 plus VAT and the Applicant conceded £30 plus VAT. The total legal costs, excluding VAT, are thus reduced from £1,698 to £1,448.
11. The Tribunal notes that the Applicant originally offered to settle at £1,350. The Tribunal has no doubt that the Applicant's solicitors are correct in asserting that the dispute involved in this application has cost both parties a significant amount of money, certainly more than the Respondent has saved by the Tribunal's determination. The Respondent's approach has not been commercial but driven by an apparent desire to nitpick. It is a moot point whether this amounts to unreasonable behaviour justifying an award of costs under rule 13(1) of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013 because the Applicant has not asked for one. However, the Respondent and his solicitors should note that the Tribunal encourages all parties to attempt settlement and not to waste their own or the Tribunal's resources on running disputes which are not worth the money involved.

Name: NK Nicol

Date: 12th January 2015

Appendix of relevant legislation

Leasehold Reform, Housing and Urban Development Act 1993

Section 60

Costs incurred in connection with new lease to be paid by tenant.

(1) Where a notice is given under section 42, then (subject to the provisions of this section) the tenant by whom it is given shall be liable, to the extent that they have been incurred by any relevant person in pursuance of the notice, for the reasonable costs of and incidental to any of the following matters, namely—

(a) any investigation reasonably undertaken of the tenant's right to a new lease;

(b) any valuation of the tenant's flat obtained for the purpose of fixing the premium or any other amount payable by virtue of Schedule 13 in connection with the grant of a new lease under section 56;

(c) the grant of a new lease under that section;

but this subsection shall not apply to any costs if on a sale made voluntarily a stipulation that they were to be borne by the purchaser would be void.

(2) For the purposes of subsection (1) any costs incurred by a relevant person in respect of professional services rendered by any person shall only be regarded as reasonable if and to the extent that costs in respect of such services might reasonably be expected to have been incurred by him if the circumstances had been such that he was personally liable for all such costs.

(3) Where by virtue of any provision of this Chapter the tenant's notice ceases to have effect, or is deemed to have been withdrawn, at any time, then (subject to subsection (4)) the tenant's liability under this section for costs incurred by any person shall be a liability for costs incurred by him down to that time.

(4) A tenant shall not be liable for any costs under this section if the tenant's notice ceases to have effect by virtue of section 47(1) or 55(2).

(5) A tenant shall not be liable under this section for any costs which a party to any proceedings under this Chapter before a leasehold valuation tribunal incurs in connection with the proceedings.

(6) In this section "relevant person", in relation to a claim by a tenant under this Chapter, means the landlord for the purposes of this Chapter, any other landlord (as defined by section 40(4)) or any third party to the tenant's lease.