

Take notice

In this article, we take a brief look at the different types of information and notices which a flat owner with a residential long lease can expect to receive about their service charges.

From the landlord's and property managers' perspective these represent a compliance burden, with the risk of irrecoverable expenditure if things go wrong.

Service Charge demands

All service charge demands must be in writing and must contain details of an address for the landlord in England and Wales.

Any demand must also contain specific information setting out a summary of the flat owner's rights and obligations which must be in a prescribed form. If this information is not provided to the flat owner payment can be withheld until it is provided. A copy can be obtained at www.flat-living.co.uk/pdf/summary_of_rights_and_obligations.pdf

Demands must also be served within strict time limits. If a demand is served more than 18 months after expenditure has been incurred, (and no prior demand was issued) the sums will not be payable.

Major works and qualifying contracts - consultation

The most familiar kind of notification received by flat owners are 'Section 20 notices,' required by the Landlord and Tenant Act 1985 (as amended).

These need to be served before a landlord commits to major works or enters into certain types of qualifying long term agreement. If the consultation requirements are not followed then the amount



recoverable from the flat owners is restricted to the amount set out in the applicable regulations.

The exact type of consultation varies but generally the views of the flat owners or a recognised tenants' association must be sought before committing to any contract.

Service charge summary

If the flat owner writes in and requests a summary of the expenditure on their service charge account then the landlord must provide this. This must be provided either within one month of the request or six months of the end of the accounting period to which the service charge relates if the accounts have not yet been finalised.

Information requests

Often overlooked are Sections 21 and 22 of the Landlord and Tenant Act 1987 which allow the flat owner to ask to inspect receipts and vouchers relating to the service charge expenditure for a period of 6 months of receipt of a service charge summary. Failure to provide a summary is an offence.

Ground rent

Where ground rent is payable the demand must comply with the notice provisions set out in section 166 of the Commonhold and Leasehold Reform Act 2002. Ground rent is not payable until the appropriate notices have been served.

Insurance

If a flat owner requests written information relating to the insurance of the building it is an offence for the landlord not to provide a summary of the key terms of the insurance policy, they must also provide reasonable access for inspection of the policy's key terms.

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