

## **Commonhold and Leasehold Reform Act 2002: Section 158 Schedule 11**

### **Administration Charges – Summary of tenant's rights and obligations**

1. This summary, which briefly sets out your rights and obligations in relation to the administration charges, must, by law, accompany a demand for administration charges. Unless a summary is sent to you with a demand, you may withhold the administration charge. The summary does not give a full interpretation of the law and if you are in any doubt about your rights and obligations you should seek independent advice.
2. An administration charge is an amount which may be payable by you as part of or in addition to the rent directly or indirectly –
  - for or in connection with the grant of an approval under your lease, or an application for such approval;
  - for or in connection with the provision of information or documents;
  - in respect of your failure to make any payment due under your lease.If you are liable to pay an administration charge, it is payable only to the extent that the amount is reasonable.
3. Any provision contained in the grant of a lease under the right to buy under the Housing Act 1985, which claims to allow the landlord to charge a sum for consent or approval, is void.
4. You have the right to ask a leasehold valuation tribunal whether an administration charge is payable. You may make a request before or after you have paid the administration charge. If the tribunal determines the charge is payable, the tribunal may also determine –
  - who should pay the administration charge and who it should be paid to;
  - the amount;
  - the date it should be paid by; and
  - how it should be paid.

However, you do not have this right where –

- a matter has been agreed to or admitted by you;
  - a matter has been or is to be, referred to arbitration or has been determined by arbitration and you agreed to go to arbitration after the disagreement about the administration charge arose; or
  - a matter has been decided by a court.
5. You have the right to apply to a leasehold valuation tribunal for an order varying the lease on the grounds that any administration charge specified in the lease, or any formula specified in the lease for calculating an administration charge is unreasonable.
  6. Where you seek a determination or order from a leasehold valuation tribunal, you will have to pay an application fee and, where the matter proceeds to a hearing, a hearing fee, unless you qualify for a waiver or reduction. The total fees payable to the tribunal will not exceed £500, but making an application may incur additional costs, such as professional fees, which you may have to pay.
  7. A leasehold valuation tribunal has the power to award costs, not exceeding £500, against a party to any proceedings where –
    - it dismisses a matter because it is frivolous, vexatious or an abuse of process; or
    - it considers that a party has acted frivolously, vexatiously, abusively, disruptively or unreasonably.

The Upper Tribunal has similar powers when hearing an appeal against a decision of a leasehold valuation tribunal.

- 8 Your lease may give your landlord a right of re-entry or forfeiture where you have failed to pay charges, which are properly due under the lease. However, to exercise this right, the landlord must meet all the legal requirements and obtain a court order. A court order will only be granted if you have admitted you are liable to pay the amount or it is finally determined by a court, a tribunal or by arbitration that the amount is due. The court has a wide discretion in granting such an order and it will take into account all the circumstances of the case.