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

Case Reference : **LON/00AE/OC9/2016/0500**

Property : **796a Harrow road, Wembley,
Middlesex, HA0 3EL**

Applicant : **City & Country Properties Ltd**

Representative : **Wallace LLP, Solicitors**

Respondent : **Pushpa Shiromi Sandamalie
Warnakula Jayasuriya Patabendige
Perera**

Representative : **Colvin & Partners, Solicitors**

Type of Application : **Section 91 of the Leasehold
Reform, Housing and Urban
Development Act 1993**

Tribunal Member : **Judge I Mohabir
Mr R Shaw FRICS**

**Date and venue of
Decision** : **15 March 2017
10 Alfred Place, London WC1E 7LR**

DECISION

Introduction

1. This is an application made by the Applicant under section 91 of the Leasehold Reform, Housing and Urban and Development Act 1993 (as amended) (“the Act”) for a determination of the statutory costs payable by the Respondent under section 60 of the Act for the grant of a new lease in relation to the properties known as 796a Harrow road, Wembley, Middlesex, HA0 3EL (“the property”).
2. The Applicant’s entitlement to its costs under section 60(3) of the Act arises in the following way. On 12 October 2015, the Respondent served a Notice of Claim on the Applicant to extend the lease of the property. On 14 December 2015, the Applicant served a Counter Notice admitting the Respondent’s right to extend the lease. Attached to the Counter Notice was a draft lease.
3. It seems that the Respondent failed to make an application to the Tribunal to determine the terms of acquisition in time pursuant to section 48 of the Act and, therefore, there was a deemed withdrawal of the Notice of Claim and the Applicant is entitled to its costs in accordance with section 60(3) of the Act.
4. The parties have been unable to agree the Applicant’s costs and it made this application on 6 December 2016.
5. The total legal costs claimed by the Applicant are £1,641 plus VAT, valuer’s fees of £950 plus VAT and total disbursements of £42.50 plus VAT of £3.70.
6. A breakdown of the Respondent’s legal costs has been provided by its solicitors pursuant to the Tribunal’s Directions. This sets out the level of fee earners and hourly rates claimed in respect of each of them.
7. Only the Applicant has filed written submissions in relation the costs claimed, which have been considered by the Tribunal. The Respondent has not filed any Points of Dispute.

Relevant Statutory Provision

8. Section 60 of the Act provides:

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.

Decision

9. The Tribunal's determination took place on 15 March 2017 and was based solely on the written representations filed by the Applicant. The Tribunal's approach was to conduct what effectively amounts to a detailed assessment of the costs.
10. This matter relates to the Applicant's costs incurred in what can be described as a "standard" statutory lease extension with no particular complication revealed on the papers.

Fee Earner & Hourly Rate

11. Whilst this may have appeared to be a relatively straightforward matter, the Tribunal's view was that this is a highly technical area of law mainly conducted

by firms of solicitors with the requisite knowledge and experience, of which the Applicant's solicitors are one.

12. Having regard to the technical nature of the work and the location of the firm, the Tribunal considered the use of a Partner assisted by an Assistant Solicitor was appropriate and the relevant hourly rates reasonable. The Tribunal also considered that the use of a Paralegal was appropriate but did not consider an hourly rate of £200 was reasonable. Only an hourly rate of £150 is allowed in respect of the work done by the Paralegal.
13. Having considered the Respondent's breakdown of costs found at page 29 of the hearing bundle, the Tribunal determined that all of the work done had been reasonably incurred and were reasonable in amount save for the hourly rate for the work done by the Paralegal on 22 October 2015 and 5 November 2015. The hourly rate allowed for these items of works is £150.
14. The Tribunal considered that the use of a Partner was appropriate to ensure that the Claim Notices were valid and that valid Counter Notices were prepared and served. These stages are vital in transactions of this nature, especially having regard to the potential sanctions imposed by the Act for failing to do so as demonstrated by the deemed withdrawal of the Respondent's Notice of Claim. Therefore, the Tribunal allowed the legal costs of £1,626 plus VAT of £325.20 as being reasonable.

Valuer's Fees & Disbursements

15. The Tribunal also allowed the valuer's fees of £950 plus VAT of £190 and the total disbursement of £42.50 plus VAT of £3.70 as being reasonable.
16. Accordingly, the Applicant's legal and valuation costs and disbursements in relation to 107 Oakwood Court are allowed at a grand total of £3,137.40.

Judge I Mohabir

15 March 2017