

“ Plain speaking legal advice ”

**Service charges for residential properties –
are you aware of the changes?**

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New regulations mean that landlords of long leasehold residential properties delivering to tenants a demand for service charges will need to ensure that the demand is now accompanied with a summary of the tenants' rights and obligations.

Failure to include the summary with the service charge demand will allow the tenant to withhold payment of the service charge. Under the new regulations, if the tenant does withhold payment for this reason then the landlord's right to recover under the tenant's lease for non-payment - usually in the form of interest and forfeiture - will be prevented.

The regulations refer to the landlord supplying a summary but in practice the landlord must set out the tenant's statement of rights in full. This includes, among other things, the right to refer matters to a leasehold valuation tribunal and in fact the right to receive a written summary of the service charges.

The regulations do not indicate the nature of the service charges demand, so it's not clear when such a summary should be provided to a tenant who pays the service charge by monthly standing order/direct debit without receiving a formal demand. We would recommend that in order to avoid losing the benefit of claiming interest and forfeiture the summary should be sent to the tenant when the service charge budget and/or annual service charge accounts are sent out.

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If you would like further advice on preparing the tenant's statement of rights, then please contact the Property team on 01276 686222.

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