

## Strengthening the Rights of Leaseholders

**On 26<sup>th</sup> Jan 2026 the Service Charge sub-Committee lead discussed the following points which we feel should be amended /strengthened and/ or supported in the upcoming Leasehold Reform Bill**

### **No Redress**

At present if works are overcharged/mismanaged or funds are badly used the only route is

a) to appeal to the Managing Agent- always fails; or

b) Take it to the First Tier Tribunal (FTT)

Costs- tens of thousands

Freeholder can claim costs win or lose – goes on service charge

Leaseholders can't claim costs

### **Regulator**

1) Need a regulator with teeth

2) Fully funded

Current regulator has almost no powers.

**Legal Fees-for First Tier tribunal (FTT)** At present the landlord can ask for all their fees to be paid out of the service charge win or lose.

- Landlord fees only to be borne by leaseholders in “malicious” cases
  - (i.e cases brought by leaseholders that have no merit)
  - In some form this is part of current bill
- Leaseholder fees to be *borne by the landlord* when the leaseholder wins the case

**S. 22 Review – (this allows you to see the Invoices for the past service charge year only if you ask within 6 months of the audited accounts being released)**

- 1) Allow leaseholders the right to review service charges up to 3 complete accounting years back from date of submission.
- 2) Contracts must be part of documentation available on review
- 3) Quotes to be available to review
- 4) Invoices must be provided electronically
- 5) All invoices must state:
  1. Location of works and date works carried out.
  2. Full details of works including details of all parts used and labour charged
- 6) All invoices must be provided if available at the time of the S.22 review irrespective of whether they were available when the Accounts were produced (current loop hole in the law)
- 7) Automatic fine for breaches of S.22 – only current redress is to bring a private prosecution – suggestion 10% of value of all missing Invoices

**S.20 – Qualifying Works – currently** all works where the cost borne by any one leaseholder is greater than £250 must be done through S.20 procedures (which allow a leaseholders to propose a contractor)

1. Scrap proposal to increase the contributing amount to £600 and set the level at £20,000 for Section 20 procedure
2. Must obtain 3 quotes for all works of £20,000 -£50,000 and 4 quotes for all works of +£50,000
3. Oblige the Managing Agent to prove a Section 20 has been served when asked. Must always be by electronic means if MA has that capability.
4. Must provide the full quotes and the full specification of works when asked (not just the quote values as at present)
5. If several leaseholders provide qualifying contractors than Managing Agent has the obligation to ask at least 3 of those to quote

### **S. 20 - Contracts**

- 1) Change the requirement from contracts of greater than 1 year to contracts that are 11 months +
- 2) Change the requirement from a contributing amount per leaseholder to a set level say all contracts of more than £4,000 a year.

### **Long Term Contracts**

This is when the same contractor has an annual contract which is just renewed year after year. At the end of the 3<sup>rd</sup> years these contracts must go out for 3 quotes and these quote, in full, must be provided to leaseholders.

### **Audited Accounts**

1. Audited Accounts should be produced 6 months after the end of the service charge year (where building has 4 or more flats). Fine the Landlord 5% of the annual service charge expenditure if they don't produce them within that time frame.
2. The fine to be administered by a regulator with teeth / small claims court etc

### **Balancing charges**

Must be credited/debited to leaseholders' accounts within 6 months of the accounts being produced. (Monies can be charged returned to you years down the line at present unless the lease says otherwise.)

### **Affordable Housing**

- 1) Give leaseholders the right to ask the Managing Agent for S.22 review directly when there is an agent beyond the Housing Association
- 2) Currently needs an owner to have 100% of ownership to have the right to extend the lease. Should be able to extend at 33% ownership
- 3) HA to have the same service charge year as the Managing Agent

### **Recognition of (by the Landlord) Resident's Associations**

- 1) Association to become Recognised when 35% of leaseholders become members (currently to become recognised the Association needs 50% of qualifying leaseholders to become members which is too high a bar)
- 2) The landlord must be obliged to recognise the association when the threshold is reached. (Currently the landlord can force you to use the FTT tribunal)
- 3) Overall landlord- when a landlord uses multiple subsidiaries within one development then the group company is considered the landlord for the whole development.
- 4) Right to meet with the body who manages the building(s) every 7 weeks if Association so requests.

**Definition of The landlord.** If a company uses subsidiaries meaning there are several landlords all of whom are part of the same group company on one site then the group company becomes the sole landlord for the purpose of the LTA 1985 and the new Act.

The same for a resident's association on one site. All buildings/estates can be considered as having the same landlord; the group company, even if the buildings/estates have been set up having different subsidiary landlords (of the same group company)

### **Capex Requirements- long term repairs**

- 1) Every 10 years the Managing Agent should publish the capex report
- 2) Every 10 years the Managing Agent must provide an audit of works done, works needed, planned dates and the reserve budget for these
- 3) If works not done then LL to pay 10% of the Capex budget for every year works not done

### **Notification of works**

All works greater than £4,000 must be notified to leaseholders. (Currently works are done/not done- and this is only known about 18 months later when a S.22 review is done)

### **Quotes**

Make it a legal requirement to get quotes. Outside of Major works (section 20 notices) there is no requirement to get quotes for any works.

All jobs greater than £700 2+ quotes

Greater than £2,500 3+ quotes

(increase with RPI)

**WARA sub committee Jan 26.**