



## THE LEASEHOLD ADVISORY SERVICE

### Service Charges

#### Can a leaseholder withhold payment of a service charge?

- **Why does it matter?**

Leaseholders may think they have a right to withhold service charges where the sums are in dispute.

A landlord may decide to take action against a leaseholder who has withheld all or part of a service charge payment.

- **What you need to know**

The **only** legal right to withhold all or part of a service charge payment is where a service charge demand is not accompanied by a summary of rights and obligations in accordance with Section 21B of the Landlord and Tenant Act 1985.

A service charge is recoverable by the landlord when the lease allows for that cost to be recovered.

If a leaseholder has a service charge demand and a summary of rights and obligations and still withholds payment the landlord may take the matter to court to recover the money.

- **The law and leading cases**

Section 21B Landlord and Tenant Act: summary of rights and obligations

England: Regulation 3 The Service Charges (Summary of Rights and Obligations, and Transitional Provision) (England) Regulations 2007 (SI 2007/1257)

Wales: Regulation 3 The Service Charges (Summary of Rights and Obligations, and Transitional Provisions) (Wales) Regulations 2007 (SI 2007 No. 3160 (W. 271))

Gilje v Charlegrove Securities Ltd [2001] EWCA Civ 1777

- Ambiguity in a lease is construed *contra proferentem* - ie in favour of the leaseholder (against the landlord who "proffered" or drafted the lease).
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