

## **Administration Charges: Summary of tenants' rights and obligations – 1<sup>st</sup> July 2013**

(1) This summary, which briefly sets out your rights and obligations in relation to 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; or
- in connection with a breach of a covenant or condition of 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 a 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 First-tier 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 First-tier 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 the First-tier Tribunal, you will have to pay an application fee and, where the matter proceeds to an oral hearing, a hearing fee, unless you qualify for fee remission or exemption. Making such an application may incur additional costs, such as professional fees, which you may have to pay.

(7) The First-tier Tribunal and the Upper Tribunal (in determining an appeal against a decision of the First-tier Tribunal) have the power to award costs in accordance with section 29 of the Tribunals, Courts and Enforcement Act 2007.

(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.