

These notes refer to the Commonhold and Leasehold Reform Act 2002 (c.15) which received Royal Assent on 1st May 2002

COMMONHOLD AND LEASEHOLD REFORM ACT 2002

EXPLANATORY NOTES

COMMENTARY ON THE SECTIONS: PART 1

Claim to acquire right

Section 89: Costs where claim ceases

158. *Section 89* makes provision for liability for costs where a claim notice ceases to have effect. That could occur, for example, where the notice is withdrawn (under section 86), deemed to be withdrawn (under section 87) or where a LVT determines that a company is not entitled to acquire the right to manage. In such circumstances, both the RTM company and all persons who are or have been members of the company (other than people who have assigned their lease to someone who has then become a member of the company) are liable for the costs incurred up to that point of all parties who received the claim notice. Liability is placed upon the members as well as the company in order to avoid the company being deliberately wound up at this stage as a means of avoiding the payment of costs.