

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

Absent Landlords

Chapter 5: Other provisions about leases

Service charges, administration charges etc.

Section 159: Charges under estate management schemes

269. *Section 159* provides that charges levied by landlords under estate management schemes shall be subject to a test of reasonableness to be determined by the LVT.
270. *Subsection (1)* defines the schemes that are covered by the section. They are schemes made under section 19 of the 1967 Act or under Chapter 4 or section 93 of the 1993 Act. *Subsection (2)* defines ‘variable estate charge’ and provides that a variable estate charge is only payable to the extent that it is reasonable.
271. *Subsection (3)* provides a right for any person subject to an estate charge to apply to a LVT for the variation of the estate management scheme. Such an application can be made on the grounds that either the estate charge specified in the scheme is unreasonable or that any formula for the calculation of estate charges is unreasonable. *Subsections (4) and (5)* provide that where a tribunal agrees that an estate charge is unreasonable, it can order the scheme to be changed accordingly.
272. *Subsection (6)* provides that an application may be made to a LVT for a determination whether or not an estate charge is payable and, if so, by whom it is payable, to whom it is payable, the amount which is payable, the date on which it is payable or the manner in which it is payable. *Subsection (8)* provides that the jurisdiction of the LVT in such matters is in addition to any jurisdiction of a court. *Subsection (9)* provides that no application may be made in respect of a matter which has been agreed or admitted by a leaseholder or which has been determined by a court or arbitral tribunal. *Subsection (10)* provides that payment of all or part of a charge does not constitute admitting or agreeing it. *Subsection (11)* provides that certain agreements providing for questions about estate charges to be determined in a particular manner are void.