

The collection of the service charge is paid into an independent bank account in the name of the Management Company and the monies are utilised to carry out the work required to the communal areas and also pay for any certification that is required to comply with Legislation. At the end of any accounting year, reserves can be paid into a sinking fund or in some cases, reduce the service charge demand for the next accounting year, whatever has been agreed with the Directors.

Upon the legal completion of the purchase of a flat, under the terms of your lease, you are required to contribute to the upkeep of the estate / development and as a Lessee you will be required, under the terms of your lease, to pay your service charge as and when demanded, in full compliance of the lease that you signed.

It is only with the collection of these fees that your Managing Agent can maintain the communal areas, so it is essential they are paid as and when demanded, otherwise insurance etc. may not get paid and as a consequence, the site can fall into disrepair.

Obviously if a Lessee is unhappy with the charges and do not believe them to be fair and reasonable and if the dispute cannot be resolved with the Managing Agent, the matter can then be brought before a Leasehold Valuation Tribunal (LVT). This body objectively assesses the validity of the charges and they will then make a decision that will bind both parties.