



# Landlord and Tenant Act 1987

## 1987 CHAPTER 31

### PART V

#### MANAGEMENT OF LEASEHOLD PROPERTY

##### *Service charges*

#### **[<sup>F1</sup>42A Service charge contributions to be held in designated account**

- (1) The payee must hold any sums standing to the credit of any trust fund in a designated account at a relevant financial institution.
- (2) An account is a designated account in relation to sums standing to the credit of a trust fund if—
  - (a) the relevant financial institution has been notified in writing that sums standing to the credit of the trust fund are to be (or are) held in it, and
  - [ any other sums held in the account are sums standing to the credit of one or <sup>F2</sup>(b) more other trust funds,]and the account is an account of a description specified in regulations made by the [<sup>F3</sup>Secretary of State.][<sup>F3</sup>appropriate national authority]
- [<sup>F4</sup>(2A) The appropriate national authority may by regulations ensure that a payee who holds more than one trust fund in the same designated account cannot move any of those funds to another designated account unless conditions specified in the regulations are met.]
- (3) Any of the contributing tenants, or the sole contributing tenant, may by notice in writing require the payee—
  - (a) to afford him reasonable facilities for inspecting documents evidencing that subsection (1) is [<sup>F5</sup>, or regulations under subsection (2A) are,] complied with and for taking copies of or extracts from [<sup>F6</sup>them][<sup>F6</sup>such documents], or
  - (b) to take copies of or extracts from any such documents and either send them to him or afford him reasonable facilities for collecting them (as he specifies).

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*Changes to legislation: Landlord and Tenant Act 1987, Section 42A is up to date with all changes known to be in force on or before 26 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

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- (4) If the tenant is represented by a recognised tenants' association and he consents, the notice may be served by the secretary of the association instead of by the tenant (and in that case any requirement imposed by it is to afford reasonable facilities, or to send copies or extracts, to the secretary).
- (5) A notice under <sup>F7</sup>[this section]<sup>F7</sup> subsection (3)] is duly served on the payee if it is served on—
- (a) an agent of the payee named as such in the rent book or similar document, or
  - (b) the person who receives the rent on behalf of the payee;
- and a person on whom such a notice is so served must forward it as soon as may be to the payee.
- (6) The payee must comply with a requirement imposed by a notice under <sup>F8</sup>[this section]<sup>F8</sup> subsection (3)] within the period of twenty-one days beginning with the day on which he receives the notice.
- (7) To the extent that a notice under <sup>F9</sup>[this section]<sup>F9</sup> subsection (3)] requires the payee to afford facilities for inspecting documents—
- (a) he must do so free of charge, but
  - (b) he may treat as part of his costs of management any costs incurred by him in doing so.
- (8) The payee may make a reasonable charge for doing anything else in compliance with a requirement imposed by a notice under <sup>F10</sup>[this section]<sup>F10</sup> subsection (3)] .
- (9) Any of the contributing tenants, or the sole contributing tenant, may withhold payment of a service charge if he has reasonable grounds for believing that the payee has failed to comply with the duty imposed on him by subsection (1); and any provisions of his tenancy relating to non-payment or late payment of service charges do not have effect in relation to the period for which he so withholds it.
- [ Regulations under subsection (2A) may include provision about —
- <sup>F11</sup>(9A) (a) the circumstances in which a contributing tenant who has reasonable grounds for believing that the payee has not complied with a duty imposed on him by the regulations may withhold payment of a service charge,
- (b) the period for which payment may be so withheld,
  - (c) the amount of service charge that may be so withheld;
- and the regulations may provide that any provisions of the contributing tenant's tenancy relating to non-payment or late payment of service charge do not have effect in relation to the period for which the payment is so withheld.]
- (10) Nothing in this section <sup>F12</sup>[or in regulations under subsection (2A)] applies to the payee if the circumstances are such as are specified in regulations made by the <sup>F13</sup>[Secretary of State]<sup>F13</sup> appropriate national authority] .
- [ Regulations under this section may—
- <sup>F14</sup>(10A) (a) make different provision for different cases, including different provision for different areas,
- (b) contain such supplementary, incidental, consequential, transitional, transitory or saving provision as the appropriate national authority considers appropriate.
- (10B) Regulations under this section are to be made by statutory instrument which—

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- (a) in the case of regulations made by the Secretary of State, is to be subject to annulment in pursuance of a resolution of either House of Parliament, and
- (b) in the case of regulations made by the Welsh Ministers, is to be subject to annulment in pursuance of a resolution of the National Assembly for Wales.]

(11) In this section—

[<sup>F15</sup>“the appropriate national authority”—

(a) in relation to England, means the Secretary of State, and

(b) in relation to Wales, means the Welsh Ministers,]

“recognised tenants’ association” has the same meaning as in the 1985 Act, and

“relevant financial institution” has the meaning given by regulations made by the [<sup>F16</sup>Secretary of State][<sup>F16</sup>appropriate national authority] ;

and expressions used both in section 42 and this section have the same meaning as in that section.]

#### Textual Amendments

- F1** Ss. 42A, 42B inserted (26.7.2002 for E. for specified purposes, 1.1.2003 for W. for specified purposes and otherwise prosp.) by [Commonhold and Leasehold Reform Act 2002 \(c. 15\), s. 156\(1\)](#); S.I. 2002/1912, [art. 2\(c\)](#) (subject to [Sch. 2](#)); S.I. 2002/3012, [art. 2\(c\)](#) (subject to [Sch. 2](#))
- F2** S. 42A(2)(b) substituted (1.12.2008 for E. for specified purposes) by [Housing and Regeneration Act 2008 \(c. 17\), s. 325\(1\), Sch. 12 para. 12\(2\)\(a\)](#); S.I. 2008/3068, [art. 4\(7\)](#) (with arts. 6-13)
- F3** Words in s. 42A(2) substituted (1.12.2008 for E. for specified purposes) by [Housing and Regeneration Act 2008 \(c. 17\), s. 325\(1\), Sch. 12 para. 12\(2\)\(b\)](#); S.I. 2008/3068, [art. 4\(7\)](#) (with arts. 6-13)
- F4** S. 42A(2A) inserted (1.12.2008 for E. for specified purposes) by [Housing and Regeneration Act 2008 \(c. 17\), s. 325\(1\), Sch. 12 para. 12\(3\)](#); S.I. 2008/3068, [art. 4\(7\)](#) (with arts. 6-13)
- F5** Words in s. 42A(3)(a) inserted (1.12.2008 for E. for specified purposes) by [Housing and Regeneration Act 2008 \(c. 17\), s. 325\(1\), Sch. 12 para. 12\(4\)\(a\)](#); S.I. 2008/3068, [art. 4\(7\)](#) (with arts. 6-13)
- F6** Words in s. 42A(3)(a) substituted (1.12.2008 for E. for specified purposes) by [Housing and Regeneration Act 2008 \(c. 17\), s. 325\(1\), Sch. 12 para. 12\(4\)\(b\)](#); S.I. 2008/3068, [art. 4\(7\)](#) (with arts. 6-13)
- F7** Words in s. 42A(5) substituted (1.12.2008 for E. for specified purposes) by [Housing and Regeneration Act 2008 \(c. 17\), s. 325\(1\), Sch. 12 para. 12\(5\)](#); S.I. 2008/3068, [art. 4\(7\)](#) (with arts. 6-13)
- F8** Words in s. 42A(6) substituted (1.12.2008 for E. for specified purposes) by [Housing and Regeneration Act 2008 \(c. 17\), s. 325\(1\), Sch. 12 para. 12\(5\)](#); S.I. 2008/3068, [art. 4\(7\)](#) (with arts. 6-13)
- F9** Words in s. 42A(7) substituted (1.12.2008 for E. for specified purposes) by [Housing and Regeneration Act 2008 \(c. 17\), s. 325\(1\), Sch. 12 para. 12\(5\)](#); S.I. 2008/3068, [art. 4\(7\)](#) (with arts. 6-13)
- F10** Words in s. 42A(8) substituted (1.12.2008 for E. for specified purposes) by [Housing and Regeneration Act 2008 \(c. 17\), s. 325\(1\), Sch. 12 para. 12\(5\)](#); S.I. 2008/3068, [art. 4\(7\)](#) (with arts. 6-13)
- F11** S. 42A(9A) inserted (1.12.2008 for E. for specified purposes) by [Housing and Regeneration Act 2008 \(c. 17\), s. 325\(1\), Sch. 12 para. 12\(6\)](#); S.I. 2008/3068, [art. 4\(7\)](#) (with arts. 6-13)
- F12** Words in s. 42A(10) inserted (1.12.2008 for E. for specified purposes) by [Housing and Regeneration Act 2008 \(c. 17\), s. 325\(1\), Sch. 12 para. 12\(7\)\(a\)](#); S.I. 2008/3068, [art. 4\(7\)](#) (with arts. 6-13)
- F13** Words in s. 42A(10) substituted (1.12.2008 for E. for specified purposes) by [Housing and Regeneration Act 2008 \(c. 17\), s. 325\(1\), Sch. 12 para. 12\(7\)\(b\)](#); S.I. 2008/3068, [art. 4\(7\)](#) (with arts. 6-13)
- F14** S. 42A(10A)(10B) inserted (1.12.2008 for E. for specified purposes) by [Housing and Regeneration Act 2008 \(c. 17\), s. 325\(1\), Sch. 12 para. 12\(8\)](#); S.I. 2008/3068, [art. 4\(7\)](#) (with arts. 6-13)

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**F15** Words in s. 42A(11) inserted (1.12.2008 for E. for specified purposes) by [Housing and Regeneration Act 2008 \(c. 17\)](#), s. 325(1), **Sch. 12 para. 12(9)(a)**; S.I. 2008/3068, art. 4(7) (with arts. 6-13)

**F16** Words in s. 42A(11) substituted (1.12.2008 for E. for specified purposes) by [Housing and Regeneration Act 2008 \(c. 17\)](#), s. 325(1), **Sch. 12 para. 12(9)(b)**; S.I. 2008/3068, art. 4(7) (with arts. 6-13)

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**Modifications etc. (not altering text)**

**C1** Ss. 42-42B modified (30.9.2003 for E., 30.3.2004 for W.) by [Commonhold and Leasehold Reform Act 2002 \(c. 15\)](#), s. 181(1), **Sch. 7 para. 11**; S.I. 2003/1986, art. 2(a); S.I. 2004/669, art. 2(a)

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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 24(2)(abb) inserted by [2002 c. 15 Sch. 10 para. 14](#)