



Leasehold and Freehold Reform Act 2024

2024 CHAPTER 22

PART 4

REGULATION OF LEASEHOLD

PROSPECTIVE

Non-litigation costs: enfranchisement, extension and right to manage

64 **Restriction on recovery of non-litigation costs of enfranchisement, extension and right to manage**

After section 20I of the LTA 1985 (as inserted by section 59) insert—

“20J Limitation of variable service charges: non-litigation costs of enfranchisement etc

- (1) Non-litigation costs incurred, or to be incurred, by a landlord in connection with a relevant claim are not to be regarded as relevant costs to be taken into account in determining the amount of a variable service charge payable by a tenant who is a non-participating tenant in relation to that claim.
- (2) A lease, contract or other arrangement is of no effect to the extent it makes provision to the contrary.
- (3) In this section and section 20K—
 - “the 1967 Act” means the Leasehold Reform Act 1967;
 - “the 1993 Act” means the Leasehold Reform, Housing and Urban Development Act 1993;
 - “the 2002 Act” means the Commonhold and Leasehold Reform Act 2002;

Status: This version of this cross heading contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Leasehold and Freehold Reform Act 2024, Cross Heading: Non-litigation costs: enfranchisement, extension and right to manage. (See end of Document for details)

“non-litigation costs” means costs incurred, or to be incurred, other than in connection with proceedings before a court or tribunal;

“non-participating tenant”, in relation to a relevant claim, means a tenant who is not a participating tenant;

“participating tenant”, in relation to a relevant claim, means a tenant who—

- (a) in the case of a claim under Part 1 of the 1967 Act or Chapter 1 or 2 of Part 1 of the 1993 Act, is making the claim;
- (b) in the case of a claim under Chapter 1 of Part 2 of the 2002 Act, is or has been a member of the RTM company making the claim;

“relevant claim” means—

- (a) a claim under Part 1 of the 1967 Act (enfranchisement and extension of leases of houses);
- (b) a claim under Chapter 1 or 2 of Part 1 of the 1993 Act (enfranchisement and extension of leases of flats);
- (c) a claim under Chapter 1 of Part 2 of the 2002 Act (right to manage);

“RTM company” has the same meaning as in Chapter 1 of Part 2 of the 2002 Act (see section 71 of that Act).

- (4) For provision about when a participating tenant is and is not liable in respect of non-litigation costs in relation to a relevant claim, see—
 - (a) section 19A of the 1967 Act;
 - (b) section 89A of the 1993 Act;
 - (c) section 87A of the 2002 Act.

20K Right to claim where non-litigation costs charged contrary to section 20J

- (1) This section applies if, despite section 20J(1), a non-participating tenant in relation to a relevant claim pays a prohibited amount to any person.
- (2) For the purposes of this section, a “prohibited amount” is an amount that is—
 - (a) demanded as a variable service charge, and
 - (b) attributable to non-litigation costs incurred, or to be incurred, in connection with the claim.
- (3) The appropriate tribunal may, on the application of the tenant, order the person to which the prohibited amount was paid to return all or any part of the amount to the tenant.”

Commencement Information

II S. 64 not in force at Royal Assent, see s. 124(3)

Status:

This version of this cross heading contains provisions that are prospective.

Changes to legislation:

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