



# Leasehold and Freehold Reform Act 2024

## 2024 CHAPTER 22

PROSPECTIVE

### PART 3

#### OTHER RIGHTS OF LONG LEASEHOLDERS

##### *New right to replace rent with peppercorn rent*

#### **48 Right to vary long lease to replace rent with peppercorn rent**

[Schedule 10](#) confers on certain leaseholders the right to a variation of their leases so that the whole or part of the rent payable becomes and will remain a peppercorn rent.

##### **Commencement Information**

**II** S. 48 not in force at Royal Assent, see [s. 124\(3\)](#)

##### *The right to manage*

#### **49 Change of non-residential limit on right to manage claims**

In Schedule 6 to the Commonhold and Leasehold Reform Act 2002 (“the CLRA 2002”), in paragraph 1(1) (non-residential limit on right to manage claims), for “25 per cent.” substitute “50%”.

##### **Commencement Information**

**I2** S. 49 not in force at Royal Assent, see [s. 124\(3\)](#)

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*Status: This version of this part contains provisions that are prospective.*  
*Changes to legislation: There are currently no known outstanding effects for the*  
*Leasehold and Freehold Reform Act 2024, Part 3. (See end of Document for details)*

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## **50 Costs of right to manage claims**

- (1) The CLRA 2002 is amended as follows.
- (2) In section 82 (right to obtain information before right to manage claim)—
  - (a) in subsection (2)(b), omit “on payment of a reasonable fee”;
  - (b) after subsection (3) insert—
    - “(4) The RTM company is liable for the reasonable costs incurred by a person in complying (in accordance with this section) with a notice under this section.
    - (5) Any question arising in relation to the amount of the costs payable by the RTM company is, in default of agreement, to be determined by the appropriate tribunal.”
- (3) After section 87 insert—

### **“87A Costs: general**

- (1) An RTM company and a member of an RTM company are not liable for any costs incurred by any other person in consequence of a claim notice given by the company in relation to any premises, except as set out in this section.
- (2) A lease, transfer, contract or other arrangement is accordingly of no effect to the extent it would provide to the contrary.
- (3) An RTM company is liable to a member of the company in respect of costs incurred by the member to the extent agreed between the company and the member.
- (4) A member of an RTM company—
  - (a) is liable to the company in respect of costs incurred by the company to the extent agreed between the member and the company;
  - (b) is liable to another member of the company in respect of costs incurred by that other member to the extent agreed between the two members.
- (5) An RTM company or a member of an RTM company are liable for costs incurred by another person in connection with proceedings before a court or tribunal if—
  - (a) the court or tribunal has power under another enactment to order that they pay those costs, and
  - (b) the court or tribunal makes such an order.
- (6) An RTM company and a member of an RTM company are liable for costs incurred by another person in the circumstances referred to in section 87B.
- (7) For the purposes of this section, “member”, in relation to an RTM company, means each person who is or has been a member of the RTM company.
- (8) See also sections 20CA and 20J of the Landlord and Tenant Act 1985, which prevent costs in connection with a claim under this Chapter being recovered by way of a variable service charge (within the meaning of section 18 of that Act).

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*Status: This version of this part contains provisions that are prospective.*  
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### **87B Power of tribunal to order costs where claim ceases**

- (1) The appropriate tribunal may, on the application of a person (“the applicant”) that incurs costs in consequence of a claim notice given by an RTM company, order that the RTM company is liable to the applicant for the costs if all of the conditions in subsection (2) are met.
  - (2) The conditions are—
    - (a) the claim notice—
      - (i) is at any time withdrawn or deemed to be withdrawn by virtue of any provision of this Chapter, or
      - (ii) at any time ceases to have effect by reason of any other provision of this Chapter;
    - (b) the RTM company acts unreasonably in—
      - (i) giving the claim notice, or
      - (ii) not withdrawing it, causing it to be deemed withdrawn, or causing it to cease to have effect sooner;
    - (c) the applicant is—
      - (i) a landlord under a lease of the whole or any part of the premises,
      - (ii) party to such a lease otherwise than as landlord or tenant, or
      - (iii) a manager appointed under Part 2 of the 1987 Act to act in relation to the premises, or any premises containing or contained in the premises;
    - (d) the costs are incurred before the claim notice is withdrawn, is deemed withdrawn, or ceases to have effect;
    - (e) the costs are incurred other than in connection with proceedings before a court or tribunal;
    - (f) the costs are reasonably incurred.
  - (3) Where the appropriate tribunal orders that an RTM company is liable under subsection (1), each person who is or has been a member of the RTM company is also liable (jointly and severally with the RTM company and each other such person).
  - (4) But a person is not liable if—
    - (a) the lease by virtue of which they were a qualifying tenant has been assigned to another person, and
    - (b) that other person has become a member of the RTM company.
  - (5) The reference in subsection (4) to an assignment includes—
    - (a) an assent by personal representatives, and
    - (b) assignment by operation of law where the assignment is to a trustee in bankruptcy or to a mortgagee under section 89(2) of the Law of Property Act 1925 (foreclosure of leasehold mortgage).”
- (4) Omit sections 88 and 89 (costs of right to manage claims).

*Status: This version of this part contains provisions that are prospective.  
 Changes to legislation: There are currently no known outstanding effects for the  
 Leasehold and Freehold Reform Act 2024, Part 3. (See end of Document for details)*

**Commencement Information**

**I3** S. 50 not in force at Royal Assent, see [s. 124\(3\)](#)

**51 Compliance with obligations arising under Chapter 1 of Part 2 of the CLRA 2002**

- (1) Section 107 of the CLRA 2002 (enforcement of obligations) is amended as follows.
- (2) In subsection (1), for “county court” substitute “appropriate tribunal”.
- (3) After subsection (2) insert—
  - “(3) Where an order other than an order to pay a sum of money has been made under subsection (1) by the appropriate tribunal—
    - (a) a person may apply to the county court for enforcement of the order;
    - (b) the appropriate tribunal may by order transfer proceedings to the county court for enforcement of the order;
 and the order is to be enforceable by the court in the same way as an order of the court.
- (4) See section 176C for general provision about the enforcement of tribunal decisions and section 27 of the Tribunals, Courts and Enforcement Act 2007 for provision about the enforcement of an order to pay a sum of money.”
- (4) For the heading substitute “Power of tribunal to order compliance”.

**Commencement Information**

**I4** S. 51 not in force at Royal Assent, see [s. 124\(3\)](#)

**52 No first-instance applications to the High Court in tribunal matters**

- (1) Where jurisdiction in respect of a matter is conferred on the appropriate tribunal under Chapter 1 of Part 2 of the CLRA 2002, a person may not apply to the High Court in respect of that matter.
- (2) [Subsection \(1\)](#) has no effect in relation to any proceedings that may be brought in the High Court for the purpose of challenging a decision, declaration, direction or order of the appropriate tribunal.
- (3) In [subsection \(1\)](#) “appropriate tribunal” has the same meaning as in the Chapter mentioned in that subsection.

**Commencement Information**

**I5** S. 52 not in force at Royal Assent, see [s. 124\(3\)](#)

**Status:**

This version of this part contains provisions that are prospective.

**Changes to legislation:**

There are currently no known outstanding effects for the Leasehold and Freehold Reform Act 2024, Part 3.