



Leasehold and Freehold Reform Act 2024

2024 CHAPTER 22

PART 4

REGULATION OF LEASEHOLD

Insurance

59 Limitation on ability of landlord to charge insurance costs

After section 20F of the LTA 1985 insert—

“20G Limitation of variable service charges: insurance costs

- (1) Excluded insurance costs are not to be regarded as relevant costs to be taken into account in determining the amount of any variable service charge payable by a tenant.
- (2) “Excluded insurance costs” are any costs (whether or not they are expressed as forming part of an insurance premium) that—
 - (a) are attributable to payments made, or to be made, to arrange or manage insurance, and
 - (b) are not attributable to a permitted insurance payment.
- (3) Payments made to arrange or manage insurance include payments made—
 - (a) for the purpose of providing an incentive to enter into, or arrange for another person to enter into, a particular contract of insurance;
 - (b) as remuneration for any work done, however described, in relation to—
 - (i) a contract of insurance before or after it has been entered into, or
 - (ii) insurance generally without a particular contract of insurance in contemplation.

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- (4) A “permitted insurance payment” is a payment of a description specified in regulations made by the appropriate authority.
- (5) The regulations may provide that a payment is a permitted insurance payment by reference to—
- (a) the kind of person to or in respect of which the payment is made;
 - (b) the circumstances in which the payment is made;
 - (c) the method by which the amount of the payment is calculated (which may be a method specified in the regulations);
 - (d) the nature of its connection with work done, costs incurred or time spent;
 - (e) any other matter.
- (6) In this section, a reference to a payment includes—
- (a) a non-monetary benefit;
 - (b) a right to retain money or a non-monetary benefit instead of paying or giving it to another person.
- (7) Regulations under this section—
- (a) are to be made by statutory instrument;
 - (b) may make provision generally or only in relation to specific cases;
 - (c) may make different provision for different purposes;
 - (d) may include supplementary, incidental, transitional or saving provision.
- (8) A statutory instrument containing regulations under this section (whether alone or with other provision) is subject to the affirmative procedure.

20H Right to claim where excluded insurance costs charged

- (1) This section applies if, despite section 20G(1), a tenant 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 excluded insurance costs.
- (3) The appropriate tribunal may, on the application of the tenant—
- (a) order the person to which the prohibited amount was paid to return all or any part of the amount to the tenant;
 - (b) order—
 - (i) the tenant’s landlord,
 - (ii) a person that benefited from the payment of the prohibited amount, or
 - (iii) a person that benefited from a payment to which the excluded insurance costs are attributable,to pay damages to the tenant.
- (4) Damages under subsection (3)(b) must—
- (a) equal or exceed the prohibited amount paid;
 - (b) not exceed an amount that is three times the prohibited amount paid.

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- (5) If the appropriate tribunal orders that more than one person is to pay damages to the tenant under subsection (3)(b)—
- (a) the tribunal may order that those persons are to be jointly, severally, or jointly and severally liable to pay the damages, and
 - (b) the references in subsection (4) and paragraph (a) to the damages are to the damages payable by all of those persons taken together.

20I Right of landlord to obtain costs attributable to permitted insurance payments

- (1) It is an implied term of a lease under which a service charge is payable that, if the landlord incurs costs attributable to a permitted insurance payment, the tenant must pay the landlord the amount of those costs.
- (2) Such an amount—
- (a) is a variable service charge for the purposes of section 18, and the provisions of this Act relating to service charges apply accordingly;
 - (b) is payable irrespective of whether a lease, contract or other arrangement provides for it to be payable as a service charge.
- (3) A lease, contract or other arrangement is of no effect to the extent it would limit the amount payable by the tenant under this section.”

60 Duty to provide information about insurance to tenants

- (1) The Schedule to the LTA 1985 (rights in relation to insurance) is amended as follows.
- (2) After paragraph 1 insert—

“Duty to provide information

- 1A (1) Sub-paragraph (2) applies where a service charge payable by a tenant of a dwelling consists of or includes an amount payable directly or indirectly for insurance.
- (2) The landlord must—
- (a) obtain specified information about the insurance, including by requesting the information from another person, and
 - (b) within a specified period after insurance is effected in relation to the dwelling, provide that information to the tenant.
- “Specified” means specified in regulations made by the appropriate authority.
- (3) Regulations under sub-paragraph (2) may provide for circumstances in which a specified period is to be extended.
- (4) Paragraph 1B makes further provision about requests by the landlord under sub-paragraph (2)(a).
- (5) The appropriate authority may by regulations make provision as to the form and manner in which the information is to be provided.

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- (6) For the purposes of this paragraph, insurance is “effected” in relation to a dwelling whenever an insurance policy is purchased or renewed in relation to the dwelling.
- (7) The landlord may charge the tenant for the costs of complying with the duty in sub-paragraph (2).
- (8) The appropriate authority may by regulations provide for exceptions to the duty in sub-paragraph (2) by reference to—
 - (a) descriptions of landlord;
 - (b) descriptions of insurance;
 - (c) any other matter.
- (9) In this paragraph, “information” includes a document containing information and a copy of such a document.
- (10) Regulations under this paragraph—
 - (a) are to be made by statutory instrument;
 - (b) may make provision generally or only in relation to specific cases;
 - (c) may make different provision for different purposes;
 - (d) may include supplementary, incidental, transitional or saving provision.
- (11) A statutory instrument containing regulations under this paragraph is subject to the negative procedure.

Requests by landlord under paragraph 1A: further provision

- 1B
- (1) Sub-paragraph (2) applies where a landlord requests information from another person under paragraph 1A(2)(a).
 - (2) That person must provide the landlord with any of the information requested that is within the person’s possession.
 - (3) A person (“A”) must request information from another person (“B”) if—
 - (a) the information has been requested from A under paragraph 1A(2)(a) or this sub-paragraph,
 - (b) A does not possess the information when the request is made, and
 - (c) A believes that B possesses the information.
 - (4) B must provide A with any of the information requested that is within B’s possession.
 - (5) A person must provide information they are required to provide under this paragraph before the end of a specified period beginning with the day on which a request for the information is made.
 - (6) In this paragraph, “specified” means specified in regulations made by the appropriate authority.
 - (7) A person who provides information to another person under this paragraph may charge that person for the costs of doing so.
 - (8) The appropriate authority may by regulations—

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- (a) provide for how a request is to be made under paragraph 1A(2)(a) or this paragraph;
 - (b) provide that a request may not be made until the end of a particular period, or until another condition is met;
 - (c) make provision as to the period within which a request under sub-paragraph (3) must be made;
 - (d) provide for circumstances in which a duty to comply with a request under paragraph 1A(2)(a) or this paragraph does not apply;
 - (e) make provision as to how information requested is to be provided.
- (9) Regulations under this paragraph—
- (a) are to be made by statutory instrument;
 - (b) may make provision generally or only in relation to specific cases;
 - (c) may make different provision for different purposes;
 - (d) may include supplementary, incidental, transitional or saving provision.
- (10) A statutory instrument containing regulations under this paragraph is subject to the negative procedure.

Enforcement of duty to provide information

- 1C
- (1) A tenant may make an application to the appropriate tribunal on the ground that the landlord failed to comply with a requirement under paragraph 1A.
 - (2) On an application made under sub-paragraph (1), the tribunal may make one or both of the following orders—
 - (a) an order that the landlord comply with the requirement before the end of a period specified in regulations made by the appropriate authority;
 - (b) an order that the landlord pay damages to the tenant for the failure.
 - (3) A person (“C”) may make an application to the appropriate tribunal on the ground that another person (“D”) failed to comply with a requirement under paragraph 1B.
 - (4) On an application made under sub-paragraph (3), the tribunal may make one or both of the following orders—
 - (a) an order that D comply with the requirement before the end of a period specified in regulations made by the appropriate authority;
 - (b) an order that D pay damages to C for the failure.
 - (5) Damages under this paragraph may not exceed £5,000.
 - (6) The appropriate authority may by regulations amend the amount in sub-paragraph (5) if the appropriate authority considers it expedient to do so to reflect changes in the value of money.
 - (7) Regulations under this paragraph—
 - (a) are to be made by statutory instrument;
 - (b) may make provision generally or only in relation to specific cases;

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- (c) may make different provision for different purposes;
 - (d) may include supplementary, incidental, transitional or saving provision.
- (8) A statutory instrument containing regulations under this paragraph is subject to the negative procedure.”
- (3) Omit paragraphs 2 to 6.
- (4) In paragraph 9(1)—
 - (a) for “Paragraphs 2 to 8” substitute “Paragraphs 1A to 8”;
 - (b) for the words from “in which case” to “does not”, substitute “in which case paragraphs 1A, 1B, 7 and 8 apply but paragraph 1C does not.”