



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.

Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.

- (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.

Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.

- (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.”