



I have heard the power to forfeit a lease described as the power to exercise the “ultimate sanction”. It was the (seven-letter) sanction at issue in *Stemp v 6 Ladbroke Gardens Management Ltd* [2018] UKUT 375 (LC), a bitter-sounding dispute where sums significantly in excess of the (relatively high) service charge were expended on legal fees by both sides.

The RMC landlord demanded on account service charges of £18,971.72 for major works. The lessees did not pay. The landlord applied to the FTT for a s.27A determination that £37,943.44 – 2 x £18,971.72 – was a reasonable service charge for the year. The FTT held that it was. The lessees paid, albeit not immediately.

The landlord then demanded £43,969.96, being its legal costs of the s.27A application because the lease that allowed it to recover costs incurred “in contemplation of any proceedings” to forfeit the lease.

Reducing that amount to £10,766, the Upper Tribunal held that: a) only 60% of the costs related to the contemplated forfeiture, and b) some of the costs had been incurred after the landlord had waived the right to forfeit. Only the costs incurred before the waiver had truly been incurred “in contemplation” of forfeiture.

