

# Leasehold Reform (Tribunal Judgments and Legal Costs) Bill [HL]

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## EXPLANATORY NOTES

Explanatory notes to the Bill, prepared by Baroness Hayman of Ullock, have been ordered to be published as HL Bill 56—EN.



# Leasehold Reform (Tribunal Judgments and Legal Costs) Bill [HL]

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[AS INTRODUCED]

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[AS INTRODUCED]

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**B I L L**

TO

Amend the Landlord and Tenant Act 1985 and the Commonhold and Leasehold Reform Act 2002 to limit the right of landlords to recover legal costs in excess of a prescribed scale; to make tribunal judgments binding on all leaseholders and to require landlords to account to all leaseholders; and for connected purposes.

**B**E IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

**1 Amendment of the Landlord and Tenant Act 1985**

- (1) The Landlord and Tenant Act 1985 is amended as follows.
- (2) After section 20C(3) insert—
  - “(4) Any order made wholly or partly in favour of a landlord under this section must limit the landlord's costs to no more than the fixed costs permitted under the Civil Procedure Rules, unless—
    - (a) the court or tribunal is satisfied that the proceedings were frivolous or vexatious; or
    - (b) the court or tribunal is satisfied that the way the tenant conducted the proceedings was manifestly unreasonable in the circumstances, considering both—
      - (i) the landlord's conduct in the period of two years ending on the day proceedings were commenced; and
      - (ii) the landlord's conduct in relation to the proceedings once commenced.
- (5) For the purposes of determining the relevant costs under section 18, any order made by the court or tribunal under this section applies to all tenants under the same landlord.
- (6) The landlord shall by no later than the end of the period of 14 days beginning on the day any order under this section is made by the court or tribunal—
  - (a) send to every tenant a copy of the order made; and
  - (b) provide an explanation to each tenant for any excess already charged.

- (7) Any covenant or agreement (whether made before or after the coming into force of this section) is void to the extent it purports to exclude or limit any provision of this section, except a post-dispute arbitration agreement.
- (8) For the purposes of this section— 5  
     “Civil Procedure Rules” means the Civil Procedure Rules Regulations 1998 (S.I. 1998/3132);  
     “fixed costs” has the same meaning as in Part 45 of the Civil Procedure Rules.”
- (3) After section 20C insert— 10  
**“20CA Landlord’s costs not to be recovered from tenants under the lease**
- (1) This section applies to any costs order made in proceedings between any landlord and any tenant—  
     (a) wholly or partly in favour of the landlord; and  
     (b) other than accordance with section 20C.” 15
- (4) After section 27A insert—  
**“27B Tribunal judgments against the landlord to be binding on all tenants under the same landlord**
- (1) This section applies to any judgment made wholly or partly against the landlord under section 27A. 20
- (2) For the purposes of sections 18 and 19 a landlord subject to a judgment under subsection (1)—  
     (a) must not include in the relevant costs charged to any tenant under the same landlord an amount other than that permitted by the judgment; and 25  
     (b) must ensure that future service charges are no more than the amount permitted by the judgment, except as permitted by subsection (3).
- (3) A landlord subject to a judgment under subsection (1) may only charge a different amount to that permitted in the judgment if— 30  
     (a) the new amount is permitted by the appropriate tribunal on an application by the landlord under section 27A;  
     (b) the new amount is uprated in accordance with the Consumer Prices Index published by the Office of National Statistics, or such other measure as may be specified by the Secretary of State in regulations made under this section; or 35  
     (c) the landlord appeals the judgment successfully and no further appeal by either the landlord or any tenant is possible.
- (4) By the end of a period of 21 days beginning on the day a judgment under this section is made the landlord must— 40  
     (a) send a copy of the judgment to each tenant; and

- (b) provide an explanation to all tenants for service charges already paid where those charges are higher than the amounts permitted in the judgment.”

## **2 Amendment of the Commonhold and Leasehold Reform Act 2002**

- (1) The Commonhold and Leasehold Reform Act 2002 is amended as follows. 5
- (2) In paragraph 5A(2) of Schedule 11 after “just and equitable” insert “, provided always that any amount ordered must not exceed the amount of fixed costs permitted under the Civil Procedure Rules.”
- (3) Before paragraph 5A(3)(a) of Schedule 11 insert—
  - “(za) “Civil Procedure Rules” means the Civil Procedure Rules Regulations 1998 (S.I. 1998/3132); 10
  - (zb) “fixed costs” has the same meaning as in Part 45 of the Civil Procedure Rules;”.

## **3 Extent, commencement and short title**

- (1) This Act extends to England and Wales. 15
- (2) This Act comes into force on the day it is passed.
- (3) This Act may be cited as the Leasehold Reform (Tribunal Judgments and Legal Costs) Act 2022.

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*Baroness Hayman of Ullock*

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