



Department for Levelling Up,
Housing & Communities

Lee Rowley MP

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Richard Fuller MP
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Dear Richard,

I'd like to first thank you for all your work during the Committee stage of the Leasehold and Freehold Reform Bill and your thorough scrutiny of this primary legislation.

You raised several important matters, and specifically asked for clarity on how, in practice, our reforms will make sure damages, fees and charges are not passed on to residents.

For clarity, the clause numbers referenced in this letter are those of the original Bill print, as debated at Committee Stage.

I would like to clarify that Clause 45 introduces the requirement for estate managers to demand an estate management charge from residents using a specified form. Through this clause, the power is reserved for the Secretary of State to set in regulations the information which must be included in the demand form, which will include the subsidiary company's name and address. As such, a homeowner can bring a challenge to the tribunal against that subsidiary company in respect of the charges or damages which they are liable to pay. The tribunal will also be able to award damages to the homeowner from that subsidiary company for any incorrect or misleading information contained in a demand or a report. This will create a strong incentive for estate management companies to provide accurate and up-to-date company information as part of each demand, as otherwise those demands would not be deemed valid.

Furthermore, any damages that the tribunal orders estate management companies to pay to homeowners should not be passed back to the homeowner via an estate management charge. They are not a relevant cost (as defined in Clause 41 of the Bill) and so are not an estate management charge (as defined in Clause 39). The transparency measures introduced in Clauses 46 and 47, in the form of the annual report and the right to obtain information upon request, would also deter estate managers from attempting to recoup these costs, as it would quickly become apparent to homeowners that these costs were not related to estate management. If any wrongdoing by the estate manager materialises, homeowners would be able to apply to the tribunal to be reimbursed for these costs.

You also asked for clarification about the impact of the Bill on individuals where their estate management company is named on the TP1 (transfer of part of the registered title) form. I am pleased to say that the measures set out in Part 4 of the Bill do apply to those companies named on the TP1 forms, and so individuals who pay estate management charges to them are able to use the tools we are introducing to hold them to account.

I hope that this has answered your question, but I am more than happy to discuss any of these points further with you.

Yours ever,

A handwritten signature in blue ink, appearing to read 'Lee', with a stylized, cursive script.

LEE ROWLEY MP