

Property Service Charge – Top 10 Tips for Tenants

By: Jamie McNeil 12th March 2010

- 1) Check that each service charge invoice is issued in accordance with the terms of your lease. Your lease dictates when and how much service charge you should pay.
- 2) When you get a service charge budget or reconciliation check it has been issued in accordance with your lease, check the services listed to ensure that all of the costs are legitimately recoverable from you.
- 3) When you receive a service charge reconciliation ask the landlord for full details of expenditure and request further clarification on specific items of concern.
- 4) Speak to other tenants to establish their opinion on service charge costs and also the quality of service provided by contractors or suppliers instructed by the landlord or managing agent. Discuss ways that the landlord may be able to reduce costs while maintaining essential services and put these views to the landlord for consideration.
- 5) Go over in detail landlords refurbishment plans before they start to establish how much you are being asked to contribute. Also check whether replacement works are necessary or whether less expensive repair would suffice. Is the landlord trying to recover the cost of improvements, additions or upgrades and if so are you obliged to pay your share towards these costs?
- 6) Check the apportionment of costs, does your lease have a fixed percentage you should be paying, if not establish from your landlord how they have arrived at your percentage share. Is your share reasonable?
- 7) Check the service charge rate per square foot, is this in line with other property that you occupy and similar properties.
- 8) Check that the services in the budget or reconciliation have, or are actually, being provided and that they are not over specified. Are costs being pushed through the service charge as you near the end of your lease?
- 9) Maintain an open dialogue with your landlord or managing agent and attend tenants meetings to ensure that your concerns about services are being addressed and also to ensure that you are kept informed of any variations from budget. These forums are excellent for voicing concerns regarding the quality of services and for ensuring that your landlord is regularly re-tendering contracts. It is also good practice to ensure that minutes of these meetings are recorded and kept
- 10) If in doubt ask a specialist surveyor or solicitor for advice.