CENTURY HOUSE RESIDENTS' ASSOCIATION

Mr. John Midgley
Comptons Solicitors
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24 Century House
245 Streatham High Road
London SW16 6ER.

Ref.: CHRA0618

15 July 2002

Dear Mr. Midgley,

re: Century House Residents' Association – management application

Thank you for your letters of 13 February, 8 March, 10 April and their attachments. Thank you also for your letter of 31 May.

We are sorry we have been slow to respond.

CHRA's Management Application Subcommittee – that is David Hoon, Robert MacCorgarry and Angus French who you saw at a meeting in January, together with Ian Boyd - have looked in detail at the correspondence. I attach our detailed comments.

And I am sorry to inform you that we have concluded that we are insufficiently certain that Comptons will be able to see through a successful management application. We have therefore decided that you are not the solicitors for us.

You have asked us for a payment of £500 + VAT but we are reluctant to make any payment.

Yours sincerely,

Angus French, Secretary, CHRA.

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CHRA's comments on letters from Comptons

1. Our requirement

Century House Residents' Association ("CHRA") has decided that it wants to make an application to the Leasehold Valuation Tribunal ("LVT") for the appointment of new managers for its block of flats. It formed a Subcommittee to see through the application and that Subcommittee decided to seek legal assistance as, while it may be capable of making the application itself, as other leaseholder groups have done, it wants to be sure of getting the application right.

We approached Comptons (in the first place in November 1999) as they were recommended to us as legal experts in Landlord and Tenant matters by Mira Bar Hillel, the Evening Standard journalist and campaigner for leaseholder rights.

We understand that the fee for Compton's representative, Mr. Midgley, is £175 + VAT an hour. For this we expect the utmost in efficiency and expertise; we expect our interests to be represented and for Comptons to be our ally.

2. Our request for a reference

In our letter of 2 January 2002 we asked for a reference. We did this for reassurance, our own and that of our members to whom we are accountable.

We discussed provision of references at our meeting with Mr. Midgley on 5 February. We were told that this was not something Comptons normally did but that Mr. Midgley would consult colleagues about our request. A possible issue with client confidentiality was mentioned (though we cannot see this as a sustainable argument).

Since our meeting we have not heard further. We consider this an important omission. After further reflection, we wonder: should not any professional organisation – especially Solicitors – be able to provide references on request to a prospective client? Is there something to hide?

We think a recommendation from Mira Bar Hillel is different from a reference. Her relationship is different from that of a group of leaseholders.

3. First letter (13 February) from Comptons

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This was our first letter from you concerning our proposal to seek a management order. While we are clear on what we want and have researched the alternatives, what we would like to have seen in the letter, in particular for the benefit of our members, was:

a. Clarification of the brief and CHRA's version of the facts;

b. A summary of the relevant parts of statute, our leases and the RICS Management Code;

c. Discussion of how the law applies to our particular circumstance, together with a step-by-step list, setting out, in simple terms, what a management order application would involve, what it would take for the application to be successful and what will be required of participant leaseholders.

We don't see anything to suggest that Comptons approve our course of action; rather we detect a negative tone – in the fourth and fifth paragraphs in particular - and perhaps a readiness to 'pass the buck' if things go wrong. We are not inspired with confidence.

4. Surveyor – remit, costs, candidates

What remit was described to prospective surveyors, Mr. Maunder-Taylor and Mr. Plant?

What we wanted, in the first place, was a surveyor's report to evidence mismanagement, particularly with regard to the lack of building work. But we were also interested in having something that might form the basis of a negligence claim (very likely not a claim before a county court; rather as part of a challenge to the reasonableness of the cost of building work service charge items). We thought this was agreed. However, the estimates and correspondence from surveyors do not, so far as we can see, consider whether or not it is possible to combine both parts. In fact, Mr. Maunder-Taylor, in the copy of his letter provided to us, seems altogether unclear about what is required.

Mr. Maunder-Taylor envisages a situation where the freeholder is given the opportunity to carry out works. While we understand that, as part of the legal process for a management application, a preliminary notice must be served and the freeholder has to be given the opportunity to put things right, we wish to avoid the situation where works are carried out under the auspices of the freeholder in whom we have no confidence.

Mr. Maunder-Taylor says an assessment by a lift engineer will be required. We don't want to go to that level of detail and don't think we can afford to. (We could, however, provide the LVT with copies of letters sent to the current managers in which we repeatedly expressed concern about an apparent lack of lift maintenance.)

Mr. Maunder-Taylor refers to a pamphlet from his firm for dealing with dispute work. This has not been provided to us.

At our meeting in January, Mr. Midgley estimated that a surveyor's report might cost £1,000 (+ VAT) and that we would probably have to pay for the surveyor to attend for a day at an LVT hearing. We think £1,000 probably too low. Comptons now suggest we appoint Mr. Maunder-Taylor and his fee for a report is £3,000 - £4,000. We are also told that it will be necessary for Mr. Maunder-Taylor to spend between two and two-and-a-half days, at a cost of £2,500 - £3,500, discussing issues with his opposite number.

These estimates are way in excess of the original estimates provided to us, which is a matter of concern. But it is also not explained why Mr. Maunder-Taylor would need to discuss issues with his opposite number - would not discussion take place at the LVT hearing and the matter be decided there? Further, this would constitute a major item of expenditure and our resources are limited; we are concerned that our interests are not being represented.

While Mr. Maunder-Taylor is recommended to us on the basis of his LVT experience we are not impressed by his response and prefer what we read of the other surveyor, Mr. Plant, who seems to have a better idea of what is required. While he doesn't have LVT experience, Mr. Plant does have court experience as an expert witness. He may be eager to prove himself whereas as we wonder if Mr. Maunder-Taylor is a little blasé? Mr. Plant's charge of £120 an hour seems more reasonable for a FRICS and is two-thirds that of Mr. Maunder-Taylor. Mr. Plant is also willing to be appointed manager.

5. Draft participation agreement

This document looks as though it is an adaptation from a template for an enfranchisement application. There are references relevant to enfranchisement but not, we think, to a management application. For example there are definitions for 'completion date' and 'non-participating price', and there is a reference (6.1.1) to payment of costs incurred by the 'reversioner'.

What would leaseholders receive for their participation? We would expect something, for example, about estimated costs and timescales, if not in the participation agreement itself then certainly in an associated document to which there is reference.

Paragraph 4.1.2 concerns tenants in flats of a building which is not Century House. Is this relevant?

Paragraph 4.1.3 should refer to paragraph 4.1.1 probably in place of the reference to 4.1.2 (otherwise in addition to it).

Should not voting (section 5) be at a formal meeting (where suitable notice of the items to be voted on has been given to participating tenants)?

We do not think it acceptable to ask participating tenants to pay £1,000 on account (6.2). We hope that the cost for each participant of a management application will be much less. We think that payments to Comptons should be for work signed-off by our management subcommittee.

We would not be happy for participating tenants to correspond directly with Comptons; we would rather they correspond through the subcommittee responsible for the management application.

We could comment further but this is enough.

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