



## **First Tier Tribunal (Property Chamber). VHMC versus [A Leaseholder]. Judge's Decision**

During 2021 a leaseholder at Winterthur Way, who is a professional landlord holding 17 leases, conducted an aggressive policy of confrontation and challenge against the directors of VHMC and the officers of Chaney's. His objective was to undermine Chaney's position and to overthrow the board of directors of VHMC. His tactics during 2021 included:

- Obstructing VHMC and Chaney's in their duties (duties conferred by the Lease)
- Seeking to foment dissent amongst other leaseholders
- Withholding all/part of his service charges
- Illegally calling an Extraordinary General Meeting
- Illegally declaring himself a director of VHMC
- Falsely representing himself at Companies House and attempting to change the constitution of VHMC
- Attempting to freeze the bank account of VHMC

His refusal to pay arrears of service charges was brought to the County Court where he tabled a defence that the charges were "unreasonable" and that VHMC had "committed various breaches of lease" and therefore he was not liable to pay the corresponding charges.

The County Court referred the case to the First Tier Tribunal (Property Chamber) and the case was heard on 9<sup>th</sup>/10<sup>th</sup> December 2021. In February 2022 the Tribunal pronounced judgement:

- **On all 17 claims of "unreasonableness of service charges" the Tribunal found against the leaseholder**
- **On all 3 allegations of "breach of lease" the Tribunal found against the leaseholder**

In his written decision, the Judge commented:

*[The Defendant] has strong views as to how management companies such as VHMC should be run. It is clear he feels that what he believes is his professional expertise as a Chartered Accountant and property investor should be used by the company and feels aggrieved in that he is not involved in the day to day running of the company. It is this view which coloured his evidence and, in our judgment, caused him effectively to look to challenge almost everything which the current directors and the managing agents sought to do.*

*We accept it is VHMC who must determine what works are undertaken and when. [The Defendant] appears to resist this approach and would rather the development was run on a shoe string. That is his prerogative, but it is the company who decides. We are satisfied that the decisions made by the company fall well within the bounds of what is reasonable.*

The current VHMC directors and Chaney's welcome the rulings. Dedication and professionalism have overcome obfuscation, lies and misrepresentation.

VHMC did not engage legal representation for the hearing: the Tribunal was attended by the VHMC Chairman and Chaney's Property Manager. No direct costs other than travel costs were incurred. However, unavoidable legal costs of around £20,000, or about £50 per leaseholder have been incurred in the background in countering this leaseholder's protracted actions.

VHMC directors and Chaney's officers have invested many hours in defending this court case and countering the unfounded actions directed against them. We certainly hope not to have to engage in similar actions in future. We also hope that leaseholders will take reassurance from the Tribunal rulings that the VHMC directors and Chaney's take a reasonable and responsible approach to the management of Winterthur Way and that they respect the broad interests of the leaseholders.

VHMC

March 2022