

Leasehold flat ownership steps out of the dark ages

According to government statistics, around 1.7 million of the population live in leasehold houses, flats and maisonettes. Leaseholders own the right to live in the property for the duration of the lease, not the actual property itself. The freehold asset is usually owned by a separate individual who employs a managing agent to maintain the property. Historically this triangular relationship has been a difficult one leaving leaseholders open to financial abuse.

Adam, 29, a leaseholder, says "Until recently, my flat was managed by an incompetent Managing Agent whose only interest in the property was collecting money. My buildings' insurance eventually became so expensive I had no alternative but to act". Another leaseholder, Peter, 43, says "My freehold owner wanted me to pay for a maintenance programme that I had not even seen or agreed to. I felt as if my rights were being thoroughly undermined".

Arguably, the passing of the Commonhold and Leasehold Reform Act 2002 has caused a revolution in the way leasehold owners are treated. This Act was introduced gradually and only came into full force earlier this year. However, positive feedback is already beginning to emerge.

Updated Leaseholder Rights

Leaseholders are now able to take over management of their property, using the Right to Manage procedure. This generally takes from four to six months and does not involve court action or any requirement to prove incompetence of the current management.

Leaseholders can also join forces to purchase their freehold with or without the Freeholder's consent, using the Collective Enfranchisement procedure. The freehold value is calculated using legal guidelines to avoid overcharging.

Alternatively, leaseholders wishing to individually extend their lease by 90 years can do so with or without their freeholder's approval by applying to the Leasehold Valuation Tribunal (the Court designated to deal with leasehold matters).

As a last resort, should a service charge dispute be irresolvable, there is always the option of having the matter decided by the Leasehold Valuation Tribunal. This is relatively inexpensive as legal costs are not awarded to either party. Applicants can normally expect a decision within ten weeks.

Adam chose the right to manage option. He says "For me, it has proved a godsend. I got rid of my managing agent and there is now a greater sense of solidarity amongst the leaseholders. We are now in a better position to capitalise on our asset."

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