

Recovery of Service Charges

How is the service charge recovered?

The process is simple.

STEP 1

You provide us with the following information using the form supplied:

- Name and address of debtor including any forwarding address.
- What steps you have taken to chase debtor.
- Details of debt and whether interest payable under the terms of the lease. A breakdown of the debt is helpful.
- A copy of the lease for the property.

STEP 2

We will then do the following:

- Confirm that the debtor still owns the property.
- Check if debtor has a mortgage.
- Review lease for particular provisions governing the payment of service charges, rent and professional fees etc.
- Send pre-action letter to debtor requesting payment of the outstanding sums within 7 days.
- Report to you after 7 days for your instructions.

STEP 3

If there is no response from debtor and they have a mortgage, we will:

- Contact the lender to see if the arrears will be paid on debtor's behalf. It may be necessary at this stage to issue County Court proceedings against the debtor in order to obtain judgment. Some lenders will not pay out outstanding service charges without a judgment.
- In some circumstances, the lender may also only be willing to pay outstanding charges on receipt of a Section 146 Notice (forfeiture proceedings notice). If appropriate, this will be drafted and served on the debtor and the lender.
- If the lender agrees to settle the service charges, we will ask for payment of all legal charges incurred. Once payment has been received, we shall account to you with the outstanding service charges.

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If the lender does not agree to paying the service charges, the debtor has a valid dispute to the service charges or the debtor does not have a mortgage, we will need to discuss further options with you.

If you have any questions regarding the recovery of service charges, please do not hesitate to contact us.

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