Falcon Point Management Group Ltd

Leaseholder Service Charges Procedure

1. Introduction

FPMG's procedure is underpinned by the following approaches:
a. we expect leaseholders to meet their obligations under the lease
b. we aim to recover costs from leaseholders as required by our management agreement with the Council
c. we aim to invoice accurately and efficiently
d. we aim to deal firmly but sympathetically toward leaseholders in arrears
e. we will send timely reminders, and statements at regular intervals and at any time upon request.

2. Respective responsibilities

The Council is responsible for the construction of service charges in consultation with FPMG. FPMG is responsible for invoicing leaseholders, collecting sums due, chasing arrears and paying sums collected to the Council.

3. Annual Service Charges – billing

3.1 The council will provide a spreadsheet of annual service charge estimated costs before the start of the financial year and the Estate Manager will arrange for each leaseholder to receive an invoice and a covering letter with a break-down of costs which will be served on each leaseholder before the start of April and if possible during the month of February. The invoice will be accompanied by the necessary legal notice and will also be accompanied from time to time by a general guidance note.

3.2 The Estate Manager will arrange for quarterly service charges to be applied by the Accountant to the service charge accounts.

4. Annual Service Charges – arrears

4.1 The lease requires annual service charges to be paid on a quarterly basis but some will opt to pay an annual sum at the start of the year.

4.2 The Estate Manager will examine all annual service charge accounts in arrears on or around the end of the first month of each quarter and again around one month later and will write to all leaseholders in arrears with their charges.

4.3 The Estate Manager is authorised to make agreements to recover arrears by instalments where the financial circumstances of the leaseholder make this reasonable and to ensure that the debt is cleared.

4.4 Where arrears accumulate of more than one quarter's charges, the Estate Manager may threaten to charge interest on the debt, charge for the cost of writing to the leaseholder or threaten county court action and / or to inform the mortgagee that the leaseholder is in breach of the terms of the lease. In cases of legal disputes, the advice of the Council's Home Ownership Services team will be sought.

5. Major Works – billing

5.1 FPMG will invoice leaseholders within two months of incurring costs above s20 limits or being provided with cost estimates by the Council or once any concerns about the recoverability of these costs have been resolved.

5.2 Where appropriate, subject to consultation with the Treasurer and / or the Management Committee and / or the Council, FPMG will allow leaseholders to pay major works costs in monthly instalments over two or three years. Appropriate agreement and standing order forms will be issued.

6. Major Works – arrears

6.1 The Estate Manager will examine any accounts where the invoice has not been fully paid within 6 weeks of the date of issue and will write to the leaseholder until the debt is paid or appropriate instalment payments are initiated. Where instalment payment terms are offered, the Estate Manager will check to ensure that standing orders have been set up and will issue reminders to any leaseholders who fail to maintain appropriate payments.

6.2 Action will be taken / threatened as necessary as per section 4 above and in the case of legal disputes the advice of the Council's Home Ownership Services team will be sought.

7. Flat sales

Every opportunity will be taken to ensure that any outstanding services charges are paid (for example when dealing with pre-assignment enquiries, remortgages, lease extensions, sale completions).

8. Remittances to the Council*

Every three to six months FPMG's Accountant will calculate how much money has been collected on behalf of the Council since the previous payments made. Payments will be made electronically in accordance with the payment procedure set out in the financial procedure. Each payment must be made quoting the invoice number for each amount collected.

9. Performance reporting

The Estate Manager and the Accountant should both report, at least on a quarterly basis, on the collection rate achieved for the year to date for annual service charges and for all major works accounts where sums remain due and quote the amount of all overdue payments.

10. Overpayments

The Estate Manager should monitor accounts that are in credit and bring any unintentional overpayments or credits on former accounts to the attention of the leaseholder with a view to minimizing both credits and arrears. Where appropriate any credits will be transferred to pay off any debts with the leaseholder's permission (including any sums due on garage accounts).

11. Review

This procedure should be reviewed by February 2027

Reviewed and revised by Management Committee 10 Feb 2025