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Section 20B Notice – Frequently Asked Questions

What is a Section 20B Notice?

Under Section 20B of the Landlord and Tenant Act 1985, a landlord has 18 months within which to notify you of service charge cost being incurred or demand payment from you. A Section 20B Notice is a notice that is sent out when landlords are not yet able to issue finalised accounts within 18 months of the costs being incurred.

Why have I received this notice?

Where costs have been incurred for the previous financial year but the finalised accounts are yet to be issued, we are required by law to let you know what has been spent. Section 20B of the Landlord and Tenant Act 1985 provides that, if a landlord serves a written notice on a tenant within 18 months of incurring costs, informing that the costs had been incurred and a subsequent service charge demand would follow, then the costs are recoverable.

Why aren't the accounts ready to be issued?

There may be a number of reasons why the accounts are not yet finalised including, for example, where we have taken over the development from another agent and the accounts were behind schedule, or where handover information requires further investigation. We are working hard to complete these and will be in touch with you as soon as they are ready.

What is service charge?

Service charges are your proportion of the costs required to pay for the expenditure relating to the repair and maintenance of the structure and common areas of a building or grounds. This money goes towards the day-to-day running costs of your development and is used to cover items such as maintenance, repairs, gardening, and buildings insurance. You can see a specific list of items in your annual budget or estimate that we sent to you.

Why was my charge only an estimate?

Each year, a service charge budget is drawn up detailing what services are required for the property with estimated costs. This gives us as your Managing Agent a pot of money to organise works on your behalf to maintain communal areas as and when required. A proportion of this is then charged to all leaseholders, with the proportions and frequency set out in the lease. At the end of the relevant financial year, the accounts will then detail the exact expenditure incurred and whether you are due a refund or whether you need to pay a balancing charge.

What do I need to do next?

You are not required to do anything at this stage and **this is not a demand for payment**. Once the accounts have been finalised, we will be in touch again to let you know the exact expenditure incurred and whether you are due a refund or whether you are required to pay a balancing charge.

