

# Compass Property Management Ltd

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Understanding the relationship between the leaseholder and the management company.



**LEASEHOLDERS GUIDE**

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# The Role of the Management Company

(They may vary due to individual terms of Lease)

A property management company is responsible for the maintenance and management of the external building as well as the gardens and the communal areas of the property.

'Management functions' are defined in the legislation as 'functions with respect to services, repairs, maintenance, improvements, insurance and management' - that is, the delivery of all the duties reserved to the landlord under the lease. Typically these will include:

- repairs, redecorations and maintenance of the structure of the building and the common parts, including cyclical or seasonal maintenance and the maintenance of plant and facilities, lifts, central heating boilers etc;
  - improvements to the building (where this is included in the lease);
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- provision of services - the lighting of the common parts, heating, cleaning, grounds maintenance, etc.
- arranging the insurance for the building (Under freeholders block policy);
- levying and collection of service charges, accounting and the provision of statutory and other information;
- compliance with all statutory requirements relating to the management and fabric of the building;
- the day-to-day management of the building.

Sometimes the landlord or the management company carries out the management of the property direct; alternatively, a managing agent may be appointed to manage and maintain the building on behalf of the landlord, in accordance with the terms of the lease, current relevant legislation and codes of practice. The agent takes instruction from the landlord, not the leaseholders, but should constantly be aware of the leaseholders' wishes and requirements. The agent will receive a fee for day to day manage-

ment which will usually be paid by leaseholders as part of the service charges. Where major works are involved, the agent may charge an additional fee, which will normally be a percentage of the total cost of such works.

## **The Leaseholders Responsibility**

Principally, these will be the requirements to keep the inside of the flat in good order, to pay (on time) a share of the costs of maintaining and running the building, to behave in a neighbourly manner and not to do certain things without the landlord's consent, for example, make alterations or sublet. Compass Property Management Ltd has an obligation to ensure that the leaseholder complies with such responsibilities for the good of all the other leaseholders. These rights and responsibilities will be set out in the lease.

The leaseholder will usually be responsible for looking after her/his own property. For example:

- all internal decoration, including carpets and paintwork,
- repairs to furniture and appliances,
- repairs to internal plumbing and wiring, & overflow pipe that could cause damage to the neighboring property.
- repairs to plasterwork,
- repairs to floorboards.
- Electrical (all these items are specified in the individual leases)

The freeholder usually has to repair problems with a shared heating system or a leaking roof.

If a leaseholder moves property it is their responsibility to inform the management company of their new resident contact details, if a leaseholder fails to do this an investigation has to be made and this will incur a charge for the leaseholder to pay the management company.

A leaseholder must seek consent to rent out their property, if they fail in this regard they go against the terms of the lease and will incur a cost. Any agreement accepted by the landlord must be with the strict understanding that the leaseholder is responsible

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under the terms of the lease and held accountable for any tenant, references must also accompany any application.

## **The Freeholders Responsibility**

### **The freeholder is usually responsible for:**

- repairs to the building's structure, including the roof and gut-  
tering,
- repairs to shared parts of the building, such as lifts and com-  
munal stairways,
- buildings insurance (to protect the entire building from acci-  
dents and disasters such as fire or flood) as specified by the  
insurance policy (Brokers: Fox Insurance 2 Dixons Fold, Norwich, NR6 7QD - Tel  
01603 789 888 )

# Understanding the Charges Made

## What is ground rent?

Because leasehold is a tenancy, it is subject to the payment of a rent (which may be nominal) to the landlord. Ground rent is a specific requirement of the lease and must be paid on the due date, subject to the issue of a formal and specific demand by the landlord.

## What are service charges?

Service charges are payments by the leaseholder to the landlord for all the services the landlord provides. These will include maintenance and repairs, of the building and, in some cases, provision of central heating, lifts, porterage, estate staff, lighting and cleaning of common areas etc. Usually the charges will also include the costs of management, either by the landlord or by a professional managing agent.

Service charges will vary from year to year; they can go up or down without any limit other than that they are reasonable. No-

tice will be sent to leaseholders if any work exceeds £250.00 per flat. If a real emergency should take place that exceeds the £250.00 per flat an application will be made to the LVT to exceed this amount.

Details of what can (and cannot) be charged by the landlord and the proportion of the charge to be paid by the individual leaseholder will all be set out in the lease. The landlord arranges provision of the services. The leaseholder pays for them.

All costs must be met by the leaseholders; the landlord will generally make no financial contribution. Most modern leases allow for the landlord to collect service charges in advance, repaying any surplus or collecting any shortfall at the end of the year.

The Compass Property Management Ltd can only recover the costs of services which are reasonable.

### **What is a Balancing Charge?**

- An End of Year Charge
- Difference between estimated service costs for year and actual

# Frequently Asked Questions

## Insurance:

### **Why does Compass Property Management Ltd not include insurance within the Service Charges?**

While it is common practice for management companies to include insurance within the service charges, the reason we do not is because we would be demanding the money many months earlier which then puts a financial burden onto the leaseholder.

### **Can I obtain a copy of the insurance Certificate?**

The simple answer is "Yes" but there is a fee of £25.00 to pay, once received we will send it to you. However by law the freeholder or management company must make available these documents for inspection at their offices by arrangement.

## **How is the building insured?**

The lease will normally require the landlord to take out adequate insurance for the building and the common parts, and will give him the right to recover the cost of the premium. This policy will not normally cover the possessions of individual leaseholders, for which contents insurance should be taken out.

## **Why is Public Liability Insurance Needed?**

Compass Property Management Ltd has an indemnity agreement to protect the freeholder as well as the building.

## **The insurance to my mind seems a lot more expensive and I think the management company could get it cheaper, why will you not do this ?**

Insurance cover is very important when you think about the value not only from the freeholders but also the leaseholders point of view, therefore the right cover is very important especially in the day and age we live in, Compass Property Management Ltd takes insurance policies very seriously and we want all parties to have the right level

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of cover with a reputable company. Some Insurance companies offer a cheaper insurance but not all perform the same when a claim is made, and some insurance companies have gone into liquidation.

## **Accounts:**

### **How are the accounts prepared?**

The Accounts Department of Compass Property Management Ltd use industry standard software to record all records and they prepare the accounts and cross reference with bank statements for payments received and made, reports are processed and submitted for approval.

### **How are the accounts submitted?**

The accounts are submitted for the approval of a qualified accountant with the FMAAT qualification.

## **How does billing work to each leaseholder account?**

According to the terms of the lease we will send invoices out set times during the course of the year. When you receive an invoice you have 30 days in which to pay and that means the management company should receive this payment within that time. ( *See Terms & Conditions*)

You will also note that the invoice will provide not only the amounts but also what the charges are for. You will also note on the back of the invoice that there is a service / administration charge notice to make the recipient fully aware of his position. At the footer of the invoice is the contact details of the freeholder of your property.

## **I do not agree with the amount charged on my account and I do not want to pay, what should I do?**

We take management very seriously that is why we use industry standard software / practices to ensure that we record all charges and payment alike. We do provide email / telephone support to discuss affairs with an individual leaseholder if this is required, however please take into consideration that you are duty bound under the lease to pay all charges that the management company sends. Pay what part you do not dispute and state plainly what you dispute and why.

## **What if I totally disagree with the management company after consultation and have now determined that I flatly refuse to pay?**

The management company will become aware of this after the 30 days has passed since you were invoiced, the management company will now pass the matter over to the credit control department to deal with.

*(Please read the Credit Control Section)*

## **Credit Control:**

### **What happens when a leaseholder does not pay his invoices and has gone over the 30 day allowance?**

The Credit Control department will begin the processing of legal letters that comes in 3 stages, after the 3 stages are completed the leaseholders arrears are then passed on to the solicitor who acts on behalf of the managing agent *(Compass Property Management Ltd)*.

### **How come I keep on receiving legal letters when I have already paid?**

Understandably this is a most distressing situation and we regret when these situations arise, however there is always a reason. Lets examine four scenarios:

**1/ Did you make an online payment and then forget to add in the reference section your customer code?**

Imagine you received a payment but you didn't know who it was from? Automatically the accounts department will place the payment to the suspense account until the source of the payment has been determined.

**2/ Could it be that you have paid money thinking it was for something invoiced when in point fact the accounts department attribute the payment to some arrears that was also on your account?**

What if there were leftover amounts from previous invoices that were not paid because you disagreed with them, and you had no intention of paying them, this would put your account in an ongoing arrears situation because the amount disagreed would be still on your account.

**3/ Could it be that you have paid invoices but refuse to pay admin fees that have accrued putting you in an arrears situation.**

A person may well have gone over the accepted interval at some point during the year, the management company have had to write letters which takes time and resources to draw attention to monies not paid and there is a charge for administration for those who have not responded, simply not paying puts the leaseholder in a continual arrears situation.

**4/ It could be that you had an agreement to pay over a period of time at a fixed amount, but an additional amount has been added over and above the agreed amount.**

In this instance a further agreement would have to be made to the accounts department which would incur a further setup charge.

## General Management:

### How come when I call I seem to be waiting for some length of time?

Our dedicated team are committed to answering all queries, and if you're waiting in the queue this means that the staff are dealing with other queries and will answer your enquiry as soon as possible.

### How come when I email I haven't received a reply?

An auto responder has been set up by the I.T. Department to acknowledge your email enquiry, however there are some points to bear in mind:

1/ When you email your enquiry you should state the following:

**'Customer Code / Property & Address / Contact details'**

2/ If our email address is not in your address book or contacts then our replies may have been received in your spam box

3/ If an auto-responder has not been received then it may indicate that the characters you have typed in the email address are not accurate which means we have not received your email.

## **Emergency Situations:**

### **In the event of an emergency what should I do?**

The most important factor is to act quickly and contact the emergency services, the telephone numbers are **999** or **112** can be used.

### **Is there a national tradesman 24 hour telephone line?**

Yes! Respond Quick **0844 567 6857 / 07956 268406** Their website address is [www.respondquick.co.uk](http://www.respondquick.co.uk) they offer a 24 hour call out, 7 days a week 365 days a year! and there is a 30 to 60 minute attendance. All calls are at a local call rate.

*\*Please note that we are not affiliated or associated with this service any invoices or charges you receive are not the responsibility of Compass Property Management Ltd.*

## **I have a leak or some other repair in my property what should I do?**

You need to arrange as soon as possible a tradesman to deal with your repair. Its important that if the problem is in your flat it is not the management company responsibility to arrange repairs. Clearly it is down to the leaseholder.

## **There is a leak in my property and I arranged a tradesman and they have advised that the source of the leak is coming from the roof, is this the responsibility of the management company?**

Yes! Because anything that involves the structure outside or communal areas is the responsibility of the management company.

## **What if there is a leak from an overflow pipe from a sink / wash basin or a bath, alternatively if your bath or sinks overflow and damages your neighbours property what should I do?**

The leaseholder is responsible!

The Leaseholder has the responsibility to instruct a plumber or appropriate tradesman to rectify/repair the cause of the leak.

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## **Who is responsible for electrical/gas services that comes from the mains to your property?**

This is the responsibility of the leaseholder, because this service is being provided to the leaseholders property.

The Water Board provides the water up to the stop tap, but the responsibility from this point is the responsibility of the leaseholder.

Thank you for reading our Leaseholders Guide.

**I.T. Department**

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