Leasehold Advisory Service

The Leasehold Advisory Service

Insight report: Section 20 consultations

July 2025

Contents

Executive summary

This report is the first of a regular series that LEASE will be producing to provide insights into the experience of our consumers and leaseholders more widely – highlighting the issues they face, their key concerns, and how government and the sector can support them. These reports will draw on a range of primary sources, including the administrative data our organisation collects from providing advice services and qualitative accounts of our consumers' experience. This report provides a summary of the issues consumers have raised with us so far in 2025, as well as a deep dive into some of the key issues we hear from leaseholders about Section 20 consultations.

Key insights on Section 20 consultations

The maintenance of leasehold buildings creates the largest costs faced by leaseholders and is the most important element of service charge protections. LEASE regularly hears from leaseholders who are unhappy with the costs they face and the difficulty of challenging them, believing the current system requires reform. Section 20 is a key mechanism that requires landlords to consult leaseholders about major works on their property. The current legislation derives from the 1985 Landlord and Tenant Act and has undergone piecemeal reform since. A full timeline can be seen on pages 5 and 6.

- Supreme Court decision in 2013 (Daejan v Benson) has been pivotal in changing the way the process works. Instead of having costs capped at £100 or £250, leaseholders became liable to prove the level of detriment they suffered following the failure to be consulted and then only became entitled to have their costs reduced by the level of detriment they could prove after the event. This has made it easier for freeholders to dispense of the requirement to consult and may mean that leaseholders are less likely to challenge their freeholders.

- The consultation process can be difficult for leaseholders to engage in. The scale and technical complexity of information shared varies significantly, and obtaining the information needed to scrutinise works can be difficult. Leaseholders would benefit from a simplified process, with clearer standards on the information that should be provided and better use of modern technology to share documentation.

- The £100 and £250 limits were set in 2003 and have remained unchanged. If these figures had been indexed to inflation (CPI), then they would now be set at circa £180 and £450. As a result, these works inevitably now capture a much wider range of activities and works than when they were first introduced. These limits can lead to consultations being required on fairly minor works, which is bureaucratic and unnecessary. Leaseholders tell us it would be beneficial for these to be revised.

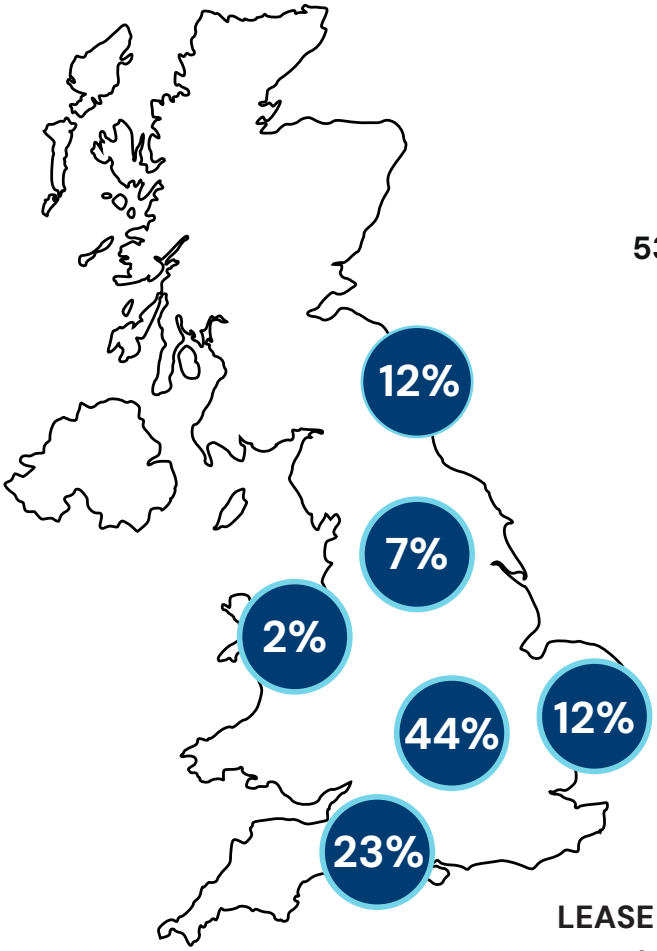
Key trends across our service

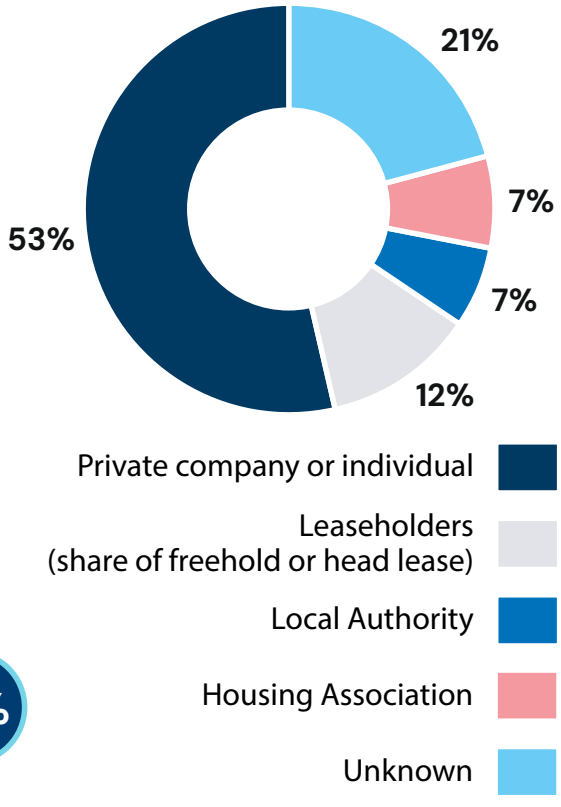
We continue to see strong demand for our services, with consumers needing clear independent advice on leasehold issues. In the first quarter of 2025, we have seen...

3,672 advisory calls provided to **2,739** clients

2,313 written advice provided to **1,912** clients

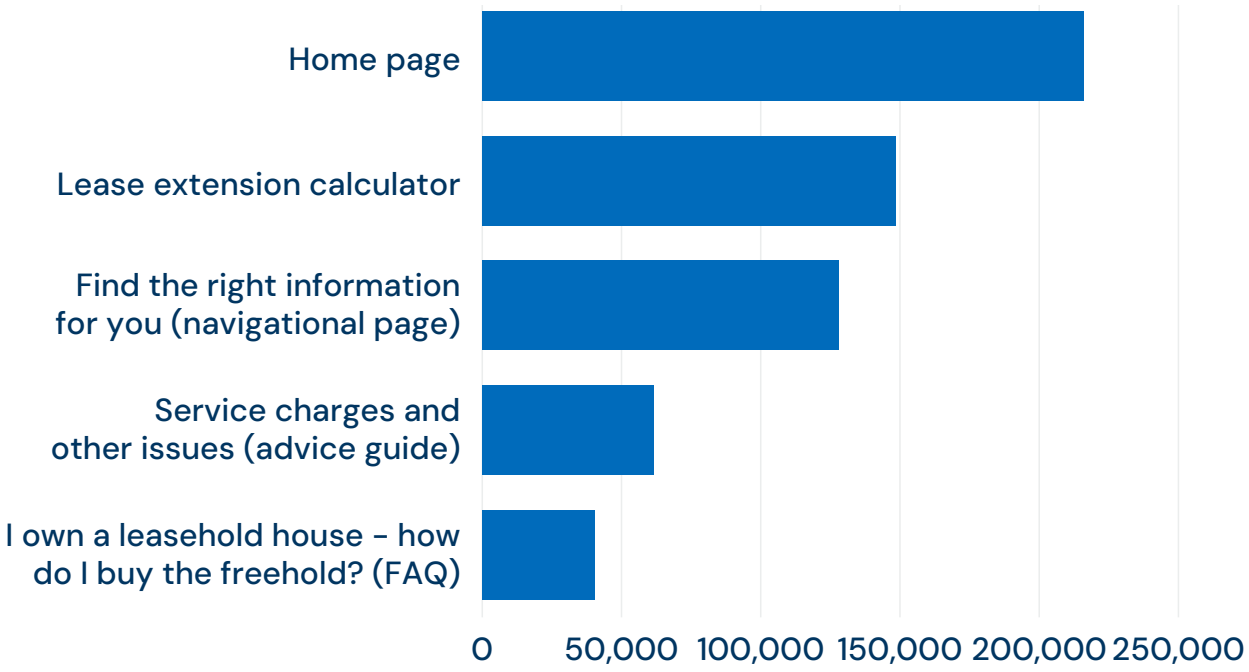
356,000 active website users



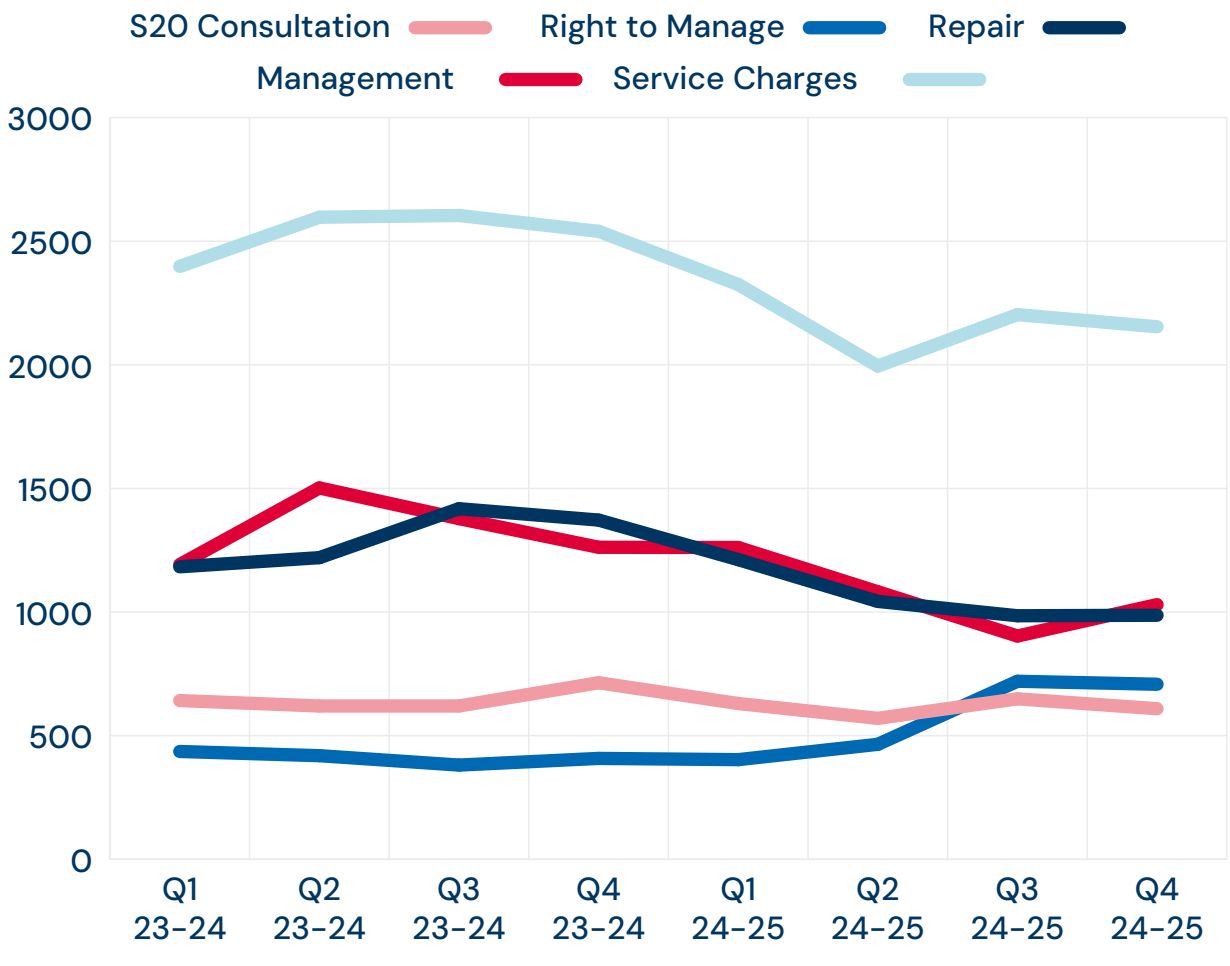


LEASE serves customers across the country, with different types of landlords. The majority are based in London and the South and have private landlords. This is in line with leasehold properties generally.

LEASE Website Visits 24-25



Direct advice enquiries



Deep dive: Section 20 consultations

Background

Section 20 refers to a section of the Landlord and Tenant Act 1985 (since amended by the Commonhold and Leasehold Reform Act 2002) which requires landlords to consult leaseholders about major works they are undertaking on their property. The process is designed to gather leaseholders' views on the landlord's proposal and to ensure leaseholders are protected from paying for inappropriate or unnecessarily expensive works.

Section 20 applies in cases where major works are planned that will cost any individual leaseholder over £250, or where the landlord wants to enter into a qualifying long-term agreement (e.g. a service contract over 12 months) and the cost to any one leaseholder will be over £100 per year. Typically, the process has the following stages:

1. **Notice of intention:** The landlord must inform leaseholders about the works that are being proposed and provides them opportunities to give their initial observation and nominate contractors. The consultation must last for a minimum consultation period of 30 days.

2. **Statement of estimates:** The landlord must provide at least two estimates for the work or service. They must then provide access to all estimates to leaseholders, where they will have another 30 days to comment.

3. **Notice of reasons (if required):** If the landlord chooses a contractor not nominated by leaseholders or not the lowest tender, they must issue a notice of reasons explaining why.

If the landlord fails to follow this consultation process properly, they may only be able to recover £250 per leaseholder for major works or £100 per year per leaseholder for long-term agreements. This is regardless of the actual costs of the works, with the landlord required to cover the remaining costs. The caveat to this is that a landlord can apply to the First Tier Tribunal (Property Chamber) (in England) or the Leasehold Valuation Tribunal (in Wales) and request dispensation from having to conduct a full consultation. For example, this could be where the works are urgent, and the time taken to consult would be counterproductive. If granted, the landlord can carry out the works without following the full consultation procedure. It is also possible for a landlord to apply for dispensation retrospectively. The Section 20 consultation process - and crucially, how it is interpreted by the courts - has changed over time. The key developments can be seen in the timeline below.

Landlord and Tenant Act 1985 and Commonhold and Leasehold Reform Act 2002

The Landlord and Tenant Act 1985 introduces a requirement for Section 20 consultations prior to major works to protect leaseholders from unexpectedly high bills for repairs and maintenance. The Commonhold and Leasehold Reform Act 2002 and the regulations made under the act updated Section 20, providing further detail on how the process should work. This includes a three-stage process notice process, more clarity on the types of work that require consultation, an option for landlords to apply for dispensation and the introduction of the £100 and £250 thresholds.

CMA market study: Residential property management services 2014

The study investigated how property management services were functioning in the UK. The CMA recommended DCLG (now MHCLG) "review/revise Section 20 of the Landlord and Tenant Act 1985" stating that whilst Section 20 provided important safeguards for leaseholders, it was not currently working as well as it should and may be imposing unnecessary costs and delaying necessary works. In response, the then Minister committed to consider reviewing the qualifying works threshold of £250 and any further changes to Section 20 that might be required and report back in 12 months. Following these reviews, the then Minister acknowledged the Section 20 process required reform, but substantive changes did not materialize.

Deajan v Benson 2013

'Deajan Investments v Benson and others' was a landmark case. Daejan were the freeholder of Queens Mansions in Muswell Hill, London. Major works had been undertaken, amounting to just under £280,000. However, as there had been various errors in the consultation process Daejan would be limited to recovering just £250 from each leaseholder, unless they could get a dispensation order from the property tribunal. Daejan sought a dispensation order which was declined by the Leasehold Valuation Tribunal, the Upper Tribunal (Lands Chamber) and the Court of Appeal. The case came before the Supreme Court who determined that Section 20 was not about punishing landlords for procedural mistakes but about whether the leaseholder was actually disadvantaged by the freeholder's failure to consult properly. The court determined that the leaseholders couldn't prove that they suffered financial or practical prejudice. As such, the court granted the dispensation.

Florrie's law 2014

A 93-year-old received a £50,000 bill from her local authority for roof repairs. Newham Council based its fee on estimate because it had not conducted a proper survey on the first-floor flat. It later emerged the roof would have lasted another 40 years, and the work was unnecessary.

In response, directions were issued which limited the amount that can be charged for future major repair, maintenance, or improvement works when they are wholly or partly funded by the government. Outside London, the maximum level will be levied at £10,000 in any 5-year period, with a cap of £15,000 for the capital. Authorities will bear the outstanding costs of work themselves.

Wynne v Yates & Anor 2021

This was a key case where a landlord in Hove undertook external work. A consultation was completed, however, when the contractor failed to finish the work, the landlord appointed a new contractor without undertaking a further consultation.

The Tribunal decided that there was no need to re-consult leaseholders when there was a change of contractor and an increase in costs during ongoing works, as the consultation requirement applies to the "set of works" rather than specific contractors. This decision clarifies that changes during the execution phase of works do not necessarily trigger a new consultation process, provided the scope of works remains consistent.

Additional Subsections Building Safety Act 2022

The Building Safety Act was introduced in 2022, it introduces a new Section 20D into the Landlord and Tenant Act 1985. It requires that leaseholders are consulted before carrying out remediation works related to building safety issues.

CMA market study: Residential property management services 2014

In 2025 the Ministry for Housing Communities and Local Government have published a new consultation which includes questions about potentially reforming the major works (Section 20) consultation process.

LEASE legal analysis

The Supreme Court judgment in Daejan Investments Limited v. Benson and others [2013[1]] UKSC 14 fundamentally shifted the approach to dispensing with landlord consultation requirements under Section 20 of the Landlord and Tenant Act 1985. Prior to this, tribunals often refused dispensation if there was a serious breach of the consultation procedure, even if tenants suffered no actual prejudice. The Supreme Court overturned this, holding that the primary question for the property tribunal is whether the leaseholders suffered any relevant prejudice as a result of the landlord's failure to comply. The purpose of the consultation is to protect leaseholders from paying for unnecessary works or paying more than is appropriate, not merely to ensure procedural compliance for its own sake. This meant that even significant procedural errors by landlords could be overlooked if the leaseholders could not demonstrate how those errors led to them paying more or receiving works or services of a lower standard. The Court emphasised that dispensation could be granted on terms, such as a reduction in the service charge or payment of the leaseholders' reasonable costs, to compensate for any proven prejudice. However, in practice relatively few cases since 2013 appear to evidence this happening. The judgment was not unanimous, with two judges dissenting. One stated that that the shift to focus not on whether the consultation was carried out correctly but the extent to which it caused financial prejudice "seems to me to subvert Parliament's intention."[3]

Nonetheless, the judgment had significant consequences for later cases before the Upper Tribunal (Lands Chamber) and the Court of Appeal. Relevant judgments reflecting these effects included Aster Communities v Chapman [2021].[2] This Court of Appeal case considered the application of Daejan v Benson in the context of urgent works. It further clarified the need for tribunals to identify steps not taken by the landlord and the precise consequences of those omissions for the leaseholders, reinforcing the prejudice-focused approach.

As a result, when advising LEASE clients whose freeholders or property managers, whether in the public or private sector, have failed to adhere to some degree with the Section 20 consultation requirements, it has then been our practice to advise of the likelihood of a dispensation order being sought which by virtue of the outcome of the Daejan v. Benson case is likely to be granted. In those circumstances, the best that leaseholders can expect is a beneficial condition being attached to the order such as a proportionate reduction in service charges to reflect any relevant prejudice suffered.

[1] The Supreme Court; https://www.supremecourt.uk/cases/uksc-2011-0057
[2] https://www.judiciary.uk/wp-content/uploads/2022/07/Aster-Communities-v-Chapman-judgment.pdf

Case study: Southwark FTT

Southwark Council applied to the First-tier Tribunal (Property Chamber) in 2023 for a dispensation order relating to entering into a qualifying long-term building insurance contract. The council is required to take out such insurance under the leases granted to all its residential leaseholders.

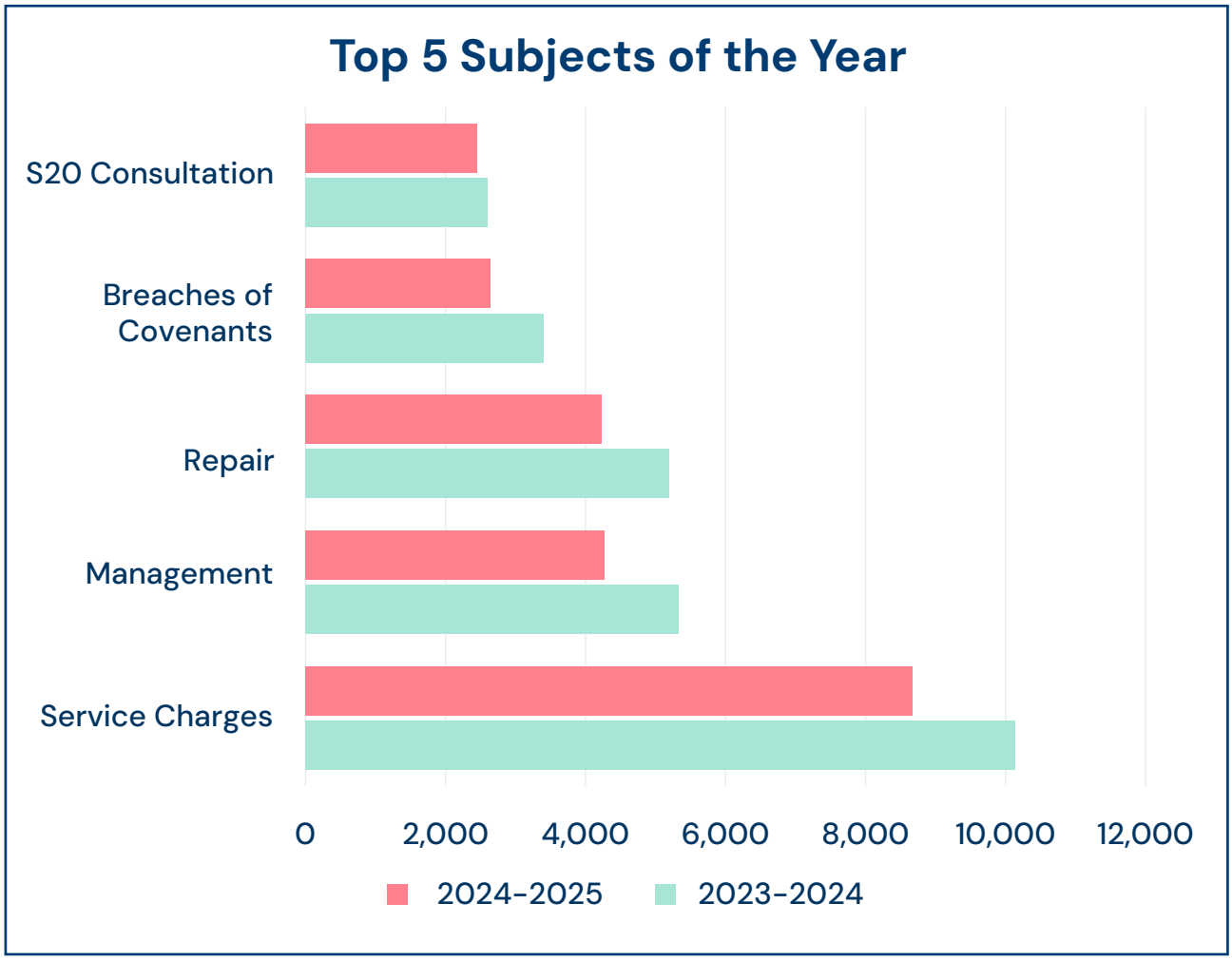
The previous insurance provider had removed itself from the market, and when Southwark council looked for alternative providers, only one insurer chose to bid. The council therefore decided that they had no choice but to proceed with that provider.

Southwark council looked to enter into a long term qualifying insurance contract. For the initial 3-year term the premiums would total about £26 million, rising to a total cost of £44 million if the contract ran for the whole 5-year period. This was to provide cover for the approximately 14,000 leaseholders who lived within the residential portfolio. Leaseholders provided a series of complaints about the service they had received from their freeholder and argued the insurance agreement represented poor value for money. In particular, they took issue with the length of the agreement (three years with an option for an additional two) where they believed other councils had been able to negotiate shorter-term deals.

The tribunal determined that the leaseholders were unable to demonstrate what they would have done differently if they had been consulted and how this may have changed the final decision made. As a result, in line with Daejan vs Bension, they ruled to grant the dispensation from the requirements to consult. This was on the condition that the council did not seek to recover any of their costs as a service charge from the leaseholders. They were also required to publish this decision on their website, so that all leaseholders can access the same. Further, the leaseholders were refused any right to their costs for employing an independent specialist insurance expert during the first case and were refused their own costs for participating in the second case after the initial judicial panel needed to recuse themselves from making a decision.

Leaseholder engagement on Section 20

Section 20 consultations are a key issue that many people come to LEASE for information and advice about. Most of our clients access our advice through our website where we received 1.5m unique visitors from April 2024 to March 2025. Over that period, our two most popular Section 20 pages received 66,000 views, making them our sixth and seventh most popular pages over that period.



We see a similar demand in our direct advice services (written and telephone), where Section 20 consultations are consistently one of the five most frequent issues people come to us for advice about. Year on year we have seen upward trend in the proportion of enquiries that are relating to Section 20 consultations. In 2024/25 there were 2,456 requests for direct advice on this topic, constituting 9.1% of all enquiries.

Year	Total Enquiries	S20 enquiries	Proportion of total enquiries
2020-2021	28,098	1,805	6.4%
2021-2022	28,037	1,972	7.0%
2022-2023	27,213	1,891	6.9%
2023-2024	33,377	3,596	10.8%
2024-2025	27,493	2,456	9.1%

This large-scale engagement, particularly the direct advice, has provided LEASE with strong insight into the key issues that leaseholders are facing around Section 20. This report draws on the experience and expertise of LEASE legal advisors, the substantial database of direct advice enquiries that our organisation holds, and a small number of follow-up interviews with leaseholders.

It is important to acknowledge that this report cannot claim to speak for the experiences of all 5 million leaseholders across the UK and those who present themselves to LEASE for advice are self-selecting and likely to have experienced an issue that needs resolving. However, it can set out the knowledge and expertise of our legal advisers and explore the experiences of a significant cohort of leaseholders, whose direct experiences matter and can shed light on how Section 20 consultations are working in practice.

We are aware there are other issues facing different groups and different types of Section 20 works. For example:

- Social sector sites where very long term QLTAs mean there is little or no realistic input available to leaseholders.
- The consumer detriment and impact of landlords failing to provide information about planned Section 20 works in sales packs.
- Very large Section 20 bills that are most often seen in the social sector, where there is least affordability.
- The impact of the lease not allowing for sinking/reserve funds.
- Complex Section 20 projects (especially remediation) where costs may not be fully known at the start of the project and both develop and change throughout the project.
- The emerging Section 20 issues around heat and power networks.
- The courts' thinking on which elements can and can't be challenged in long-term agreements entered into at a building's development stage.

Consumer insights

Clients we had follow up interviews with were generally in agreement that Section 20 consultations provided a useful function, giving leaseholders an opportunity to access important information and to have some say on the works being undertaken on their property. This aligns with the findings of the CMA 2014 study, which found that many parties felt they served 'a useful information and consultation function.'[3] However, there were a number of issues that were identified.

Dispensation of consultations

One issue that clients have raised with us is where major works have been undertaken without any consultation of leaseholders. As discussed, this is a legitimate part of the process if the landlord has a valid reason to negate the consultation process. However, clients have often sought our advice where they feel like a landlord has misused this provision and requested dispensation where a consultation would be valued. In 2024/25, 15% of all calls on Section 20 discussed dispensation and 31% discussed non-compliance.[4]

Clients also reflected on circumstances where landlords had commenced work without a Section 20 consultation altogether, in the knowledge that if they are challenged on this they could apply for retrospective dispensation.

> "They [the freeholder] then went ahead and did the repairs without any consultation. We were billed £3,000, but if we challenge it, they'll just go for dispensation."

This perception that the freeholder, if challenged on a Section 20, could simply resolve the issue through the tribunals was exacerbated by a feeling that leaseholders do not have the resources to challenge a more powerful freeholder and the requirement to actively prove prejudice can be off putting for leaseholders.

> "Little old me, take on [freeholder], how am I going to fight them?"

Issues where a consultation is undertaken

When a consultation is undertaken, clients identified several challenges surrounding the quality, availability and scale of information that is provided by freeholders - both in the initial consultation and when following up on requests for further information.

One issue is that the descriptions of the works to be undertaken in their consultations can be kept deliberately vague, in order to give landlords flexibility to undertake the work they decided was necessary later in the process, without giving leaseholders opportunity to scrutinise properly. For example, one customer referred to freeholders simply using the phrase "making the property

[3] Residential property management services: A market study, Competition Markets Authority https://assets.publishing.service.gov.uk/media/547d99b8e5274a42900001e1/Property_management_market_study.pdf
[4] Leasehold Advisory Service; https://www.lease-advice.org/about-us/data/

watertight" which could include a wide variety of activities with significantly different cost implications.

Further, when clients have asked for further information or relevant documentation during the process, it can be challenging to access. This is in part because the current legislative framework states that documents must be provided in hard copy and sent by post. This can be a slow process which can lead to delays, but some clients have also stated freeholders can use the extended process to obstruct leaseholders accessing information altogether.

> "I've been asking for copy of ledger listing for 3 years and I can't get it from them. They just delay and delay."

Interestingly, we have also heard from leaseholders that have the opposite problem, where they are provided with an overwhelming amount of technical information that they don't feel able to engage with or scrutinize effectively.

> "They're providing these huge, huge reports detailing down to what nails they're going to use. I'm exaggerating, but I've got a job!"

This is particularly problematic if they wish to suggest an alternative provider, which is a right they hold under Section 20. The requirement to find comparable alternative works can be burdensome for leaseholders. One interviewee said when she approached an alternative provider for a quote explaining her situation, they declined to provide one as they believed the detail the freeholder would require was extensive and the likeliness that it would be accepted was very slim as the landlord already has preferred providers.

The issue of preferred providers is particularly important in relation to QTLAs (where the landlord is entering an agreement for more than one year with a single provider). In this circumstance, the leaseholder is no longer able to influence the choice of contractors even if they feel that they are unhappy with the service and feel the lack of competition is not incentivising value for money.

All these issues were underpinned by a sense that that in these cases their freeholders were not undertaking real consultations and seeking their views. This suggests that more structure and standardisation of the process in a consumer-friendly way would be beneficial.

Susan's story

Susan lives in a small block of flats managed by a large property management agency. She moved into her property in 2005 and has had consistent problems with damp and water ingress that the managing agent has failed to adequately address.

Since 2020, the freeholder has issued multiple Section 20 consultations for works to make the property watertight. When the leaseholders have queried works, they have felt the freeholder was uninterested in their concerns and was obstructive in providing key information. When the work has been undertaken it has often been left incomplete, or failed to appropriately address the issues. Some of the work undertaken was outside of the scope of the consultations, including putting up scaffolding without notice at a cost of over £10,000. She is now very concerned to hear that after completing a series of costly patch fixes, the freeholder now intends to undertake a full roof replacement at a cost of £200,000.

Susan wanted to challenge that the works undertaken and being proposed are outside of the previous Section 20 consultation. LEASE advisers advised that she may be able to challenge the service charge demand for the cost of the works based on non-compliance. The difficulty is that the landlord may apply to the First-tier Tribunal (Property Chamber) for dispensation under Section 20ZA of the Landlord and Tenant Act 1985 (the 1985 Act). If Susan intends to challenge the Section 20ZA application, then she will need to identify relevant prejudice that she has suffered as a result of the landlord/management company's failure to consult.

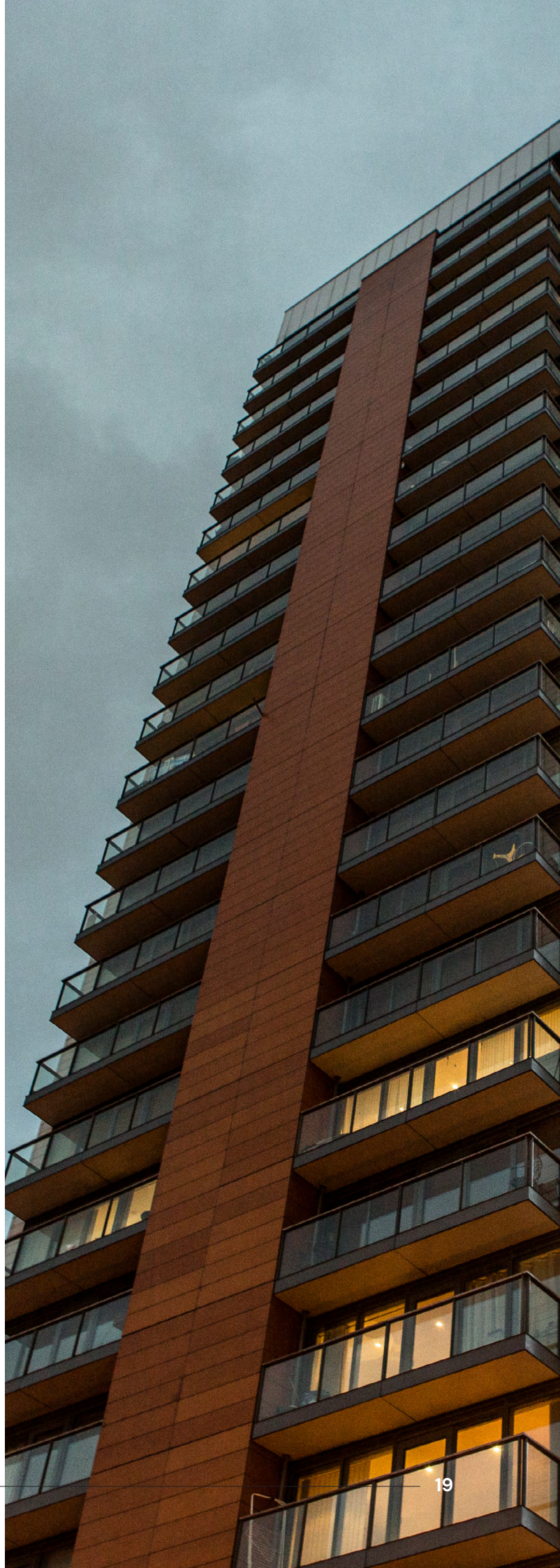
Circumstances where consultations are currently unhelpful

We have also identified cases where clients felt like the requirement to conduct a Section 20 consultation was counterproductive to their housing needs.

A key concern here is that the £100 and £250 limits are outdated, having been set in 2003 without any inflationary mechanism. If these figures had been indexed to inflation (CPI), then they would now be set at circa £180 and £450.[5] As a result, these works inevitably now capture a much wider range of activities and works than when they were first introduced, which can lead to lengthy consultations being required on fairly minor works, which is bureaucratic and felt by leaseholders to be unnecessary.

The requirement to consult and the current 30-day periods for each stage can also delay works that are required and cause stress for some leaseholders, who are just keen for work to be completed.

> "One of the urgent items from the report was putting fire cupboard doors around the electrics, and testing the electrics to ensure they were safe. I am worried that they have done nothing, I just want the work done."



[5] https://www.bankofengland.co.uk/monetary-policy/inflation/inflation-calculator

Key insights

• The existence of a formal mechanism requiring that leaseholders are informed and consulted about works that will affect their property is of benefit to leaseholders. However, the current process was introduced in 2003, and a number of issues have arisen with the process since then that limit its effectiveness.

• The decision in the Daejan vs Benson case in 2013 has fundamentally changed the way dispensation, and in turn the consultation process, works for leaseholders. The requirement to provide evidence of prejudice may mean that leaseholders are less likely to challenge their freeholders and those that have looked to do this have found the evidentiary requirements difficult to meet.

• The consultation process can be difficult for leaseholders to engage in. The scale and technical complexity of information shared varies significantly, and obtaining the information needed to scrutinise works can be difficult. Leaseholders would benefit from a simplified process, with clearer standards on the information that should be provided and better use of modern technology to share documentation.

• The £100 and £250 limits were set in 2003 and have remained unchanged. If these figures had been indexed to inflation (CPI), then they would now be set at circa £180 and £450. As a result, these works inevitably now capture a much wider range of activities and works than when they were first introduced. These limits can lead to consultations being required on fairly minor works, which is bureaucratic and unnecessary. Leaseholders tell us it would be beneficial for these to be revised.

Contacting LEASE

- If you need advice about your rights and obligations you can contact the Leasehold Advisory Service at https://www.lease-advice.org/.
- And if you would like to be kept informed on issues relating to leasehold please sign up to our newsletter at https://www.lease-advice.org/newsletter-archive/