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Mrs S Karavadra
71 City View
Erdington
Birmingham
B23 6GP

Our Ref: SJ.EB.KAR001/1

19 May 2008

Dear Mrs Karavadra

Payment of Service Charge

Thank you for your letter dated 23 April 2008.

I gather that Property Debt Collection have now accepted that payment of the outstanding service charge/ground rent has been made in full, and that the only sum outstanding is the debt collection fees in the sum of £146.88. I gather further that they have stated that they will not take action to pursue you for that sum. Rather, it will remain on your account until you come to sell the house, at which point it must be repaid.

Having considered the terms of the lease of 71 City View, your service charge is payable within 14 days of a demand for receipt thereof. If payment is not made within 14 days of receipt, then you are liable to pay (punitive) interest, as well as the costs incurred by CPM Asset Management in the recovery of the service charge.

Service charge invoices have been delivered to 52 Sandhurst Road, despite the fact that you informed the management company of your new address some time ago. I understand that the first time you received the invoices at 71 City View was on 10 April 2008, and that they were paid in full within the 14 day time period.

There may be an argument that delivery of a statement of account (which accompanied CPM Asset Management's letter dated 18 December 2007) constitutes a demand for payment. In that regard, it could be that, since the service charges were not paid in full within 14 days of receipt of that letter, debt recovery costs might be recoverable in principle.

That said, I note that the fees of £146.88 were first claimed in a letter from Property Debt Collection dated 27 June 2007. At that time, I understand that neither invoices, nor

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statements of account, had been delivered to 71 City View (despite requests being made on 3 April 2006, 1 June 2006, and 28 May 2007 for all correspondence to be sent there).

In that regard, I consider that an argument exists in terms that, since when the fees of £146.88 were claimed there was no entitlement to claim them, they should be removed from your statement of account.

That said, the commercial reality of this situation is that you would spend more on unrecoverable legal fees in pursuing this matter (either through correspondence or in court) with Property Debt Collection than you would recover if the argument outlined above were to succeed. In that regard, I suggest that, on an economic basis, it would be a mistake for you to instruct this firm to pursue the matter any further. To date, one hour has been spent in considering the various documentation and on telephone calls, and I enclose a copy of this firm's terms and conditions of business which set out the basis of our charge out rates.

If you have any queries please do not hesitate to contact me.

Yours sincerely



R.P. **Satish Jakhu**
RUBRIC LOIS KING

Enc.