

murray hay solicitors

Address\_ J Eastfields Avenue, Riverside Quarter,  
London SW18 1GN, United Kingdom  
Telephone\_ +44 (0)20 8704 4541  
Dx no\_ 59475 PUTNEY  
Fax\_ +44 (0)20 8870 0013  
Email\_ info@murrayhay.co.uk  
Web\_ www.murrayhay.co.uk

**Strictly Private and Confidential**  
**To be opened by the owner/leaseholder only**

Our Ref: RH/RH/1453

Date: 6 July 2018

Dear Sir/Madam

**Re: Leaseholders of Canary Riverside Estate – Proposed application to the First Tier Tribunal (FTT)**

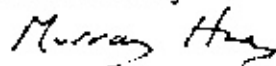
We recently sent a flyer by first class post to all of the occupants of the estate.

As we cannot ensure that our letter of 29 June 2018 was indeed delivered to the appropriate owner, we are delivering this letter by hand with a copy of the flyer sent.

If you decide to join us in the action outlined in the flyer, then we will ask that Mr. Coates' legal fees should not be paid by you. If you do not join us, then you may well have to pay his legal fees whatever the outcome may be.

Please do not hesitate to contact Robert Hammond of this firm by email or by post. His email address is [robert@murrayhay.co.uk](mailto:robert@murrayhay.co.uk)

Yours faithfully

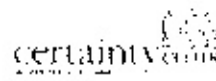
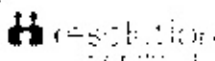


**MURRAY HAY SOLICITORS**

Encl.



Partners: I. D. Hay C. P. Murray R.S. Hammond  
Assistant Solicitors: K. Winster B. Fogarty Barrister: S. Taylor  
Assistant Conveyancer: L.F. Mansfield Consultants: G. Aproxitolo R. Rooney  
This firm is authorised and regulated by The Solicitors Regulation Authority  
SRA Number 67042



To the Leaseholders of Canary Riverside Estate

Our Ref: RH/RH/1453

Date: 29 June 2018

Dear Leaseholder,

The letter is being sent to all leaseholders of the Canary Riverside Estate. Its purpose is to canvass your opinion on the effectiveness of Alan Coates, the Manager appointed by the First Tier Tribunal to manage the Estate. You will recall that Mr Coates was appointed by the Tribunal to replace Marathon Estates Ltd.

We are testing opinion because this firm has been approached by residential leaseholders who have real concerns about the current stewardship of the Estate. Broadly, they feel the Manager is taking poor decisions which over time will be felt by leaseholders through the service charge. This concern is best explained by the following examples.

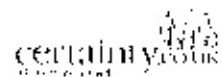
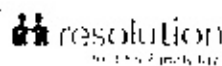
Three days after his appointment on 1 October 2016 Mr Coates issued urgent legal proceedings against the freehold and leasehold owners of the Estate requiring them - under threat of prison or a fine - to surrender keys, rooms and documents. The freehold owner is Octagon Overseas Ltd (Octagon) and the leasehold owner is Canary Riverside Estate Management Limited (CREM). An injunction was granted but the owners successfully appealed. The appeal court held that Octagon should never have been a party to the claim (something Mr Coates conceded), that the county court had no jurisdiction to grant the injunction without an underlying legal claim against the owners and, even if properly granted, the order was too wide. Mr Coates was ordered to pay the owners' costs and, of course, to bear his own. The owners' costs - believed to be around £50,000-£60,000 - will be have to be met through the annual service charge.

Within a short time CREM and others issued a county court claim against Mr Coates seeking damages for being unlawfully locked out of their premises. Mr Coates applied to strike out their claims. But at the hearing of his application on 22 January 2018 his legal team abandoned most of the application. This resulted in another adverse costs order against Mr Coates. Although the total costs liability is yet to be assessed, he was ordered to pay the owners an interim sum of £40,000. This too will be passed on to leaseholders through the service charge.

You may not be aware that the owners have apparently budgeted £336,000 for their own legal costs. However, Mr Coates has budgeted £530,000 for his. This takes no account of any



Partners: I. D. Hay C. P. Murray R.S. Hammond  
Assistant Solicitors: K. Winsler B. Fogarty J.Park Barrister: S. Taylor  
Assistant Conveyancer: L.F. Mansfield Consultants: G. Aprovitolo R. Rooney  
This firm is authorised and regulated by The Solicitors Regulation Authority  
SRA Number 67042



damages that might be awarded if the claim succeeds. So the total legal costs could be as high as £866,000 and might have to fully be absorbed by the owners.

This is not the end of the story. In early 2017 CREM applied to the Tribunal to vary the order under which Mr Coates derives his authority to manage the Estate. It did so because the order obliges Mr Coates to insure the building whereas the lender which part-funded the construction of the Estate requires CREM to insure it as a condition of the loan. To ignore this obligation may have meant CREM was in breach of the loan agreement. The application was resisted by Mr Coates and, although CREM lost in the Tribunal, the decision was overturned on appeal by the Upper Tribunal. More costs have been incurred and these too are likely to be borne by leaseholders.

Finally, in December 2016 Mr Coates applied to the Tribunal for dispensation from the statutory duty to consult leaseholders about proposed major long-term works to the Estate. The works related to replacement electricity meters and whether they should be purchased or rented. After 2 years of work, a number of revisions to the application and a request by some leaseholders for an oral hearing, the application was very recently discontinued by Mr Coates. More costs have been thrown away. One leaseholder has invited the Tribunal to order that these costs should not be recharged through the service charge.

We understand that some (possibly many) leaseholders were attracted to the appointment of Mr Coates because it was thought he would deliver higher standards, improved service levels and a more transparent and open management. Yet when this firm recently approached him for details of the above matters we received a dismissive and unhelpful response. Expenditure, we were informed, would be notified to leaseholders in the year-end accounts. We know that accounts information for last year was only made available to those leaseholders who wanted to see it for one day at Mr Coates' offices.

Mr Coates will doubtless claim that under the terms of the Tribunal's management order he is entitled to be indemnified by the leaseholders for legal costs that he reasonably incurs. That may be so. But we are not aware that Mr Coates has ever explained the above matters to leaseholders and why they are being exposed to ever-increasing legal costs and a possible damages claim. In short, our clients are not convinced legal costs are being reasonably incurred.

Our clients are giving active consideration to making an application to the Tribunal to vary or discharge the management order. The aim is to improve the cost-effectiveness and transparency of the management of the Estate. The service charge fund should not be used as a bottomless pit of funds that can be deployed to pursue or defend weak cases.

If you would like to be a party to a proposed application we would especially like to hear from you. You joining the application will help us prevent the service charges from continually increasing. If you simply have concerns about the way the Estate is being managed we would also like to hear from you. Please contact Robert Hammond of this firm at the following email address: [robert@murrayhay.co.uk](mailto:robert@murrayhay.co.uk).


Yours faithfully

*Murray Hay*  
MURRAY HAY



Partners : I. D. Hay C. P. Murray R.S. Hammond  
Assistant Solicitors : K. Winster B. Fogarty

Assistant Conveyancers : L.F. Mansfield J.C. Prosser Consultants : G. Aproxitolo R. Rooney  
This firm is authorised and regulated by The Solicitors Regulation Authority  
SRA Number 67042

 resolution  
In a few simple steps

 THE LAW SOCIETY  
ACCREDITED  
Conveyancing  
Quality