

## Article:

# Counter Notice Need Not Be Realistic

The Leasehold Reform, Housing and Urban Development Act 1993 allows tenants to acquire the freeholds of their flats in certain circumstances. The procedure by which this is done involves sending a notice to the landlord proposing a purchase price. The landlord can then issue a counter notice proposing a different price. If that notice is invalid, the purchase will proceed at the price suggested by the tenants in their original notice.

In a recent case, the tenants' offer (of £210) for the freehold reversion of a property was met with a counter proposal of £130,000 - over six hundred times as much.

The tenants applied to have the landlord's offer (which was based on a professional valuation) declared invalid so the purchase could continue at their offer price. The tenants held that the valuer had overvalued the property and the counter offer was not therefore a realistic proposal.

In the view of the court, a 'realistic proposal' meant only that the offer had to be genuine and bona fide. This is a subjective test. The counter offer had been made by the landlord in good faith and was therefore valid. The Court of Appeal agreed that the sole reason for declaring a counter notice to be invalid was lack of good faith.

If you need help with this or any other Housing Law issue please email [john.murray@emsleys.co.uk](mailto:john.murray@emsleys.co.uk) or [elizabeth.berry@emsleys.co.uk](mailto:elizabeth.berry@emsleys.co.uk). Both Elizabeth and John can be contacted by phone on **0113 2014900**.

